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# Latin America Report

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17 December 1985

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INTER-AMERICAN AFFAIRS

UPCOMING REPORT ON SELA'S FIRST 10 YEARS

FL222050 Bridgetown CANA in English 1704 GMT 22 Nov 85

/Text/ Caracas, Venezuela, 22 Nov, CANA--A report by the permanent secretariat of the Latin American Economic System (SELA) says reducing the region's external vulnerability can only be achieved through regional cooperation and integration.

The report, which is an evaluation of SELA's first 10 years, will be presented to the Latin American Council, SELA's highest policymaking body, at a meeting here later this month.

The report says the 25 SELA governments in Latin America and the Caribbean made important contributions to regional cooperation and integration in the last 10 years in the fields of agriculture, food, foreign trade, science and technology, financing, transport, information and communication.

Throughout its first 10 years, the report says, SELA has shown that regional cooperation is an essential factor for economic and social development, and for overcoming the crisis presently facing Latin America.

Ever-increasingly, and at all levels, it has been demonstrated that the reduction of the region's external vulnerability and the strengthening of its economic independence and security can only be achieved through cooperation and integration.

The system has demonstrated that regional cooperation is a process in which the Latin American and Caribbean countries have joined efforts to use and mobilize their potential, with a view to promoting their economic and social development.

At the forthcoming council meeting, to be held between 27 November and 8 December, there will be an evaluation of regional cooperation, as well as new proposals for strengthening existing mechanisms and ongoing initiatives.

To activate regional cooperation and render it more effective, a SELA release said, the organization has developed its biennial programs, operational instruments whereby priority areas for action are determined.

It has also institutionalized meetings of government experts and strengthened its action committees specialized bodies for the various areas, some which have given rise to permanent cooperation bodies.

At present, the areas selected are agriculture and food, foreign trade, science and technology, financing and payments, information, transport and communications.

The action committees are flexible regional-cooperation bodies created by the system, based on the interest of three or more countries for the development of specific projects.

The objective of the permanent bodies derived from the action committees is to systematically promote Latin American and Caribbean cooperation within their respective areas.

In the agricultural field, the Latin American Multinational Fertilizer Marketing Enterprise (MULTIFERT S.A.) was established, with headquarters in Panama, facilitating the marketing of over a million tons of fertilizer of a value of U.S. 165 million dollars to the various countries of the region, thus producing significant savings for these countries.

In the field of fisheries, the Latin American Fisheries Development Organization (OLDEPESCA) was created with headquarters in Peru, and the Action Committee on Latin American and Caribbean Food Security (CASAR), with headquarters in Argentina.

According to the release, the SELA permanent secretariat is presently working on cooperation programs dealing with agricultural, forestry and rural development and in the field of agriculture insurance services.

In science and technology, the release said, substantial progress was being made in the study of a draft scientific and technological strategy for the region, and the creation of a forum to implement it.

Proposals are being advanced on state-of-the-art technologies, engineering and consultancy, strengthening of the capital goods industry, informatics and electronics, as well as a program designed to promote cooperation in essential pharmaceutical products.

An achievement of SELA in the area of information, transport and communications over the past 10 years was the creation of the Latin American Features Agency (ALASEI), with headquarters in Mexico.

It also recommended the adoption of a strategy, and the establishment of a permanent forum on shipping and coordinated actions with UNESCO on regional cooperation in the field of communications.

/12228

CSO: 3348/231

INTER-AMERICAN AFFAIRS

BARBADOS OFFICIAL 'UNDERSTANDS' TRINIDAD-TOBAGO PROBLEMS

Port-of-Spain EXPRESS in English 2 Nov 85 p 7

[Article by Tony Best]

[Text]

**NEW YORK —** As if offering an olive branch to Trinidad and Tobago following recent threats of retaliation if trade barriers were not removed, Barbados has said that it was not unmindful of the economic difficulties being experienced by its Caricom partner.

Addressing a large crowd of Barbadians in Brooklyn, Sennigel Barrow, the Minister of Foreign Affairs and International Trade in the St John Administration, said that Barbados and Trinidad and Tobago were now trying to resolve their differences over trade, and they were doing so against a background of high unemployment in Barbados and declining oil revenues in Trinidad.

Senator Barrow, who came to New York after accompanying Barbados Prime Minister Bernard St John to the Commonwealth Prime Minister's meeting in Nassau, said that Barbados well understood the problems Trinidad and Tobago was facing because a drop in the world market price of oil by one dollar could mean a loss of about one billion dollars to the oil-exporting Car-

icom nation.

The Minister suggested that part of the problem in the relations between the countries could be traced to some sections of the press in Trinidad which he accused of twisting statements made by Barbados' Government officials to make them appear as though Barbados was attacking Trinidad and Tobago at every turn.

As to his own government's woes, Senator Barrow said he did not believe he would have seen the day when unemployment would approach the peak rate of 22 per cent recorded back in 1975.

At the same time, the government was beginning to retrain people for jobs which would develop in the future.

It was quite noticeable that nowhere in Senator Barrow's speech was there any mention of setting up any barriers to prevent Trinidad and Tobago products from entering Barbados if the Chambers government didn't implement the Nassau Accords.

He also avoided linking Trinidad and Tobago with the high unemployment in Barbados, something that the Prime Minister of Barbados had done recently.

/9274

CSO: 3298/117

INTER-AMERICAN AFFAIRS

BRIEFS

VENEZUELA, CANADA CLOSE OIL MEETING--Caracas, 22 Nov (AFP)--Canada and Venezuela today agreed to establish a permanent flow of information between their respective energy ministries. The announcement came after the closing of the first technical meeting on oil matters, in which delegations from the two countries participated. In the opinion of the oil experts, the meeting was particularly important due to Venezuela's oil sales to Canada, which in 1984 bought 98,000 barrels of crude oil per day and \$82 million worth of other products. These sales represented 38 percent of Canada's crude oil imports and 24 percent of its imports of other kinds during 1984. During the meeting, Venezuela expressed interest in obtaining advice from Canada in order to develop its hydroelectric energy. The two countries also exchanged information about their respective programs for aiding other countries, discussing their achievements and limitations. It has been announced that the Venezuelan and Canadian oil delegations will meet again in Ottawa during the second half of 1986. /Excerpts/ /Paris AFP in Spanish 0629 GMT 23 Nov 85 PA/ 12228

FEBRES CORDERO DOMINICAN REPUBLIC VISIT--In Santo Domingo, Ecuadoran President Leon Febres Cordero and Dominican Republic President Salvador Jorge Blanco have said that the foreign debt problem seriously affects the social and economic development of Latin America and the Caribbean. This similarity of criteria of the two chiefs of state is expressed in a joint declaration signed in this capital at the end of Febres Cordero's 3-day visit to the Dominican Republic. The document states that the foreign debt, the difficult access of Latin American products to the international market, and the protectionism of the industrialized nations are serious obstacles to the economic reactivation of the area. Leon Febres Cordero and Salvador Jorge Blanco called for a new stimulus to interregional trade as means of cooperation and development among the Latin American and Caribbean nations. On Thursday, Ecuadoran president will visit Puerto Rico, where he will end the tour started in Venezuela. /Text/ /Havana International Service in Spanish 1600 GMT 21 Nov 85 PA/ 12228



'CARIBBEAN DEMOCRACY' MEETING--Roseau, 8 Nov (CANA)--Prime Minister Eugenia Charles leaves here tomorrow for Barbados to attend a three-day high-level meeting on democracy in the Caribbean, it has been officially announced. The meeting of Caribbean political parties and business organisations with American bipartisan congressional and business groups will be addressed Saturday by Miss Charles, a strong anti-communist. A government statement said Legal Affairs Minister Brian Alleyne had already left for Bridgetown, along with opposition leader Michael Douglas and four other members from the private sector. [Text] [Bridgetown CANA in English 1644 GMT 8 Nov 85 FL] /9274

COMMONWEALTH MONETARY GROUP--St Georges, 5 Nov (CANA)--A Grenada initiative at the recent commonwealth summit led to the setting up of a joint committee comprising officials of industrialized and developing nations within the group to arrive at positions on major issues in the international monetary system, a government minister says. Agriculture Minister George Brizan, who was a member of the Grenada delegation to the Nassau conference, said the proposal was supported by Jamaica and Tanzania. The idea, he said, is to ensure that a consensus position is not only put to the spring meeting of the International Monetary Fund (IMF) to be dominated by monetary members, but given effective implementation as far as possible. [Text] [Bridgetown CANA in English 1955 GMT 5 Nov 85 FL] /9274

CSO: 3298/117

BRIEFS

BY-ELECTION FOR HODGE SEAT--The Valley, 6 Nov (CANA)--Anguillians will vote in a by-election on 6 December to fill The Valley constituency seat left vacant with the death of this tiny British island colony's former education minister Albena Lake Hodge, it has been officially announced here. Nomination day is 26 November. It will be the first by-election in this 35-square-mile dependency since the ministerial system of government was introduced here in 1976. Just under 1,000 of the island's 4,000 electorate will be eligible to vote, and indications are that as many as four candidates will be contesting the seat, including the late minister's brother. Mrs Lake Hodge died on 22 October, three months after she resigned as a minister in the administration of Chief Minister Emile Gumbs. She won the seat in March 1984 on an Anguilla National Alliance ticket when she defeated former chief minister Ronald Webster. Webster had called islandwide snap elections two-and-a-half years before they were constitutionally due. [Text] [Bridgetown CANA in English 1443 GMT 6 Nov 85 FL] /9274

CSO: 3298/118



ANTIGUA AND BARBUDA

BANK REPORTS MARGINAL ECONOMIC GROWTH FOR 1984

FL121640 Bridgetown CANA in English 2243 GMT 10 Nov 85

[Text] St Johns, 10 Nov (CANA)--The Antigua and Barbuda economy grew marginally last year, with the key foreign exchange earner--tourism--showing an improvement, according to the Eastern Caribbean Central Bank's (ECCB) annual report.

In real terms, the gross domestic product (GDP) grew by 6.5 percent last year, parallelling the growth of 6.4 percent achieved in 1983. This commendable performance in 1984 compares with an average rate of 3.8 percent recorded during the same period 1980 to 1984, the ECCB report said.

The service sector continued to dominate the economy, growing by 8.7 percent and increasing in proportionate share to about 80 percent of GDP.

The hotel and restaurant sector, which accounts for 17.7 percent of total GDP, and showed the largest relative increase--26.3 percent--was buoyed by record tourist arrivals in 1984.

Other tourist-related services such as transport and communication, and trade, also recorded significant growth, 5.9 percent and 7.3 percent, respectively.

The bank said that following negligible growth in 1983, secondary production recorded a small increase of 1.8 percent, due mainly to the 4.6 percent rise in the construction sector.

The manufacturing industry showed a modest 1.4 percent increase as several new companies began operations, thus offsetting the closures which took place during the year.

Primary production, on the other hand, declined by 8.7 percent as the agriculture and livestock sectors suffered the effects of the 1983-84 drought.

Consumption and investment expenditure, which had slackened in 1983, resumed growth in 1984. About 80 percent of the upsurge in investment was accounted for by the private sector. Much of this financing, however, came from inflows of foreign capital and transfers. The impact of increased public and private sector consumption was reflected in domestic savings, which did not maintain the growing momentum of 1983.

Inflation, as measured by the all-items consumer price index (CPI) rose by 3.9 percent compared to 2.3 percent in 1983. Major groups responsible for the increase in the index were clothing and accessories, which rose by 6.3 percent, and food and beverages, which increased by 5.7 percent. The effects of the inflationary movements of these items on the CPI were mitigated by zero changes in the housing and transportation sub-indices and low rates of increase in other items.

Preliminary estimates indicated that the current account deficit in the balance of payments widened in 1984 by 22 million dollars (one EC dollar; 37 U.S. cents) to the level of 37 million dollars. The bank said this resulted from the expansion of the visible trade deficit outstripping net service receipts and net transfers.

Merchandise imports amounted to 406.9 million dollars, an increase of 112.7 million dollars or 38.3 percent, in contrast to the contraction of 82.2 million dollars or 21.8 percent in 1983.

The impact of growth in the construction and tourist industries was reflected in substantial increases in imports of machinery and transport equipment (54.8 percent), and minerals, fuels and lubricants (45 percent).

As a result of drought conditions which affected local production, and a substantial increase in tourist arrivals, imports of food rose by 29.7 percent.

Export growth did not keep pace with imports, as the value of goods exported rose by only 5.3 percent, to 91.8 million dollars. This signifies some improvement over the previous year when exports fell by 17 percent.

The bank said that the continuation of trade restrictions within the Caribbean Community (Caricom) region, however, was a likely restraining factor on export expansion.

Gross tourist expenditure, the main component of the service sector, is estimated to have risen by 52 million dollars, to 251 million dollars, as 129,000 visitors arrived by air and cruise ship passenger arrivals numbered 66,418. Both categories of visitors increased by approximately 27 percent over the previous year.

In contrast to 1983, when a small surplus of 0.3 million dollars was achieved, the central government current account in 1984 showed a deficit, which is provisionally put at 16.7 million dollars.

The preliminary estimates of current revenue amounted to 107.5 million dollars, up 20.2 million dollars, while expenditure rose by 37.2 million dollars to 124.3 million dollars.

Both direct and indirect taxes, which rose by 29 percent and 13.6 percent, respectively, contributed to the increase in revenue. Non-tax revenue declined by 4.9 percent.

The growth in revenue was in part attributed to an improved revenue collection system and higher levels as compared with 16.7 million dollars in 1984.

At the financial year ending March 1985, net foreign assets of the commercial banks stood at 30 million dollars, remaining virtually unchanged over March 1984 as corresponding increases occurred in foreign assets and liabilities.

The liquidity level as represented by cash reserves to deposits ratio improved to 12.4 percent, compared to nine percent at March 1984. However, over the period, the rate of credit expansion eclipsed total deposit growth, the respective rates of increase being 23.8 percent and 15 percent.

Accordingly, using the loans to deposit ratio as an indicator, liquidity tightened, the ratio increasing from 73.6 percent to 79.3 percent.

Credit to the private sector grew by 36.2 million dollars, to 218.6 million dollars, an increase of 19.8 percent over March last year. Of this, credit to individuals increased by 41.3 million dollars (43.3 percent), by 1.1 million dollars or 1.4 percent, to 78.8 million dollars [as received].

Net credit to the central government expanded by 7.6 million dollars, to 42.2 million dollars to 22.1 percent, reversing the position of the previous year when it had contracted by five million dollars or 12.1 percent [as received].

The bank said that the proportion of loans held by business firms went up from 38.5 percent to 31.5 percent. Individual loans went up from 47.4 percent to 54.7 percent of total credit. The share held by central government rose marginally by 0.8 percent to 11.8 percent. The other public sector and non-bank financial institutions continued to contribute to the commercial banks' finances, as their net deposit position grew by 6.3 million dollars to 14 million dollars and 3.2 million dollars to nine million dollars, respectively.

The commercial banks' liabilities to the private sector rose by 21.8 million dollars, or 8.3 percent, to 287.6 million dollars---substantially lower than the increase of 61.7 million dollars, or 30 percent, in the previous period.

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CSO: 3298/118

ARGENTINA

POLL SHOWS NATION LEANING MORE TOWARD WEST

Buenos Aires ARGENTINE NEWS in English 9 Oct 85 p 14

[Article by Oscar Raul Cardoso]

[Text] If a nation's foreign policy is the face each nation wears to the world, then Argentina's face is, at best, confused.

Lecturing on the subject some years ago, Arthur Schlesinger Jr. explained that, although all nations practice foreign policy for the same reasons — for the defense and promotion of national interests — each nation's foreign policy is deeply affected by "national idiosyncrasies."

In Argentina, one of those idiosyncrasies is that few things are as elusive as finding a lasting consensus on which way to go in the international arena. Just to get Argentines to think seriously on this matter seems an improbable task.

The fact is that for all their claims of a special and universal culture, Argentines had ceased making a serious effort to try to understand the world in which they lived. Only with the Malvinas War, when they found themselves in the middle of an international crisis, did they begin to look beyond their borders.

Reasons for this lack of analysis are multiple and difficult to explain. One reason Argentina has trouble defining which face to wear to the world is the internal political chaos which has ruled the government for the last fifty years.

It is naive to demand external coherence from a society that has spent half a century shifting spasmodically between authoritarianism and democracy, between capitalism and special experiments in democratic rule.

Argentines seem to have decided, sometime early in the 20th century and for obscure reasons, that their country and

they themselves were indispensable to the rest of the world. It followed, then, that the world would move in the direction in which Argentina chose to move.

Such an attitude prevailed at various points in recent history, but undoubtedly it was under the last military regime that outright ignorance of the international power game and a manifest incapacity to identify Argentina's legitimate interests reached a climax.

The military and political defeat Great Britain inflicted on Argentina in the Malvinas crisis — a defeat which most Argentines refused to consider until it became a material fact — forced perplexed Argentines to take a long second look at the world.

For the ruling military elite it was plain schizophrenia to see themselves reduced to humiliating defeat by a combination of the Western powers they had identified as their model when they ousted the civilian government in 1976.

Shortly before the defeat — and when the epilogue seemed inevitable — the military set out to fantasize publicly with the possibility of negotiating a way out with the Eastern bloc.

Wishful thinking as it all may have seemed, both attitudes — the project of automatic membership in the Western political bloc and the dream of changing sides no less automatically — were based on the same erroneous assumption: that Argentina was a key country to both strategies and, because of this, could move freely and remain immune to any adverse consequences.

Painfully, Argentina began then to undertake a new effort to understand international reality, while at the same time building a lasting democratic system. It is the effort to build a system based on freedom and the preservation of collective and individual guarantees that brings Argentina and the West closer together.

But as a poor country (potentially rich, but actually poor) all aspirations of freedom are severely conditioned by a balance only achieved through justice.

And the Western Hemisphere is a bad place to look for justice, or even an understanding of the need for justice.

So — as in the case of any other nation in the highly-complex world of the eighties — Argentina needs a foreign policy based on a handful of principles and a solid pragmatic approach. It needs a permanent and precise flow of information on a

rapidly changing international reality.

Argentina needs foreign policy makers that can clearly identify allies and adversaries and when they change roles; that can identify partners and competition; that can identify when and which concessions make sense and when they are only self-defeating; and that know that Argentina has her own security interests in a world that is largely defined by such interests. And of course Argentina needs a political power capable of building consensus and turning it into action.

It's not an easy task. The ever-present dilemma Dante Caputo or any Argentine Foreign Minister confronts is how far left he can move before the local establishment starts calling him a "Soviet puppet," and how far right he can go before Argentine ideologues prepare to have his neck while they shout that he has sold out to "American imperialism."

/9274

CSO: 3300/60

ARGENTINA

OPPOSITION PARTIES TAKE STOCK AFTER ELECTIONS

PY182355 Buenos Aires BUENOS AIRES HERALD in English 18 Nov 85 p 5

[Text] (NA-DYN) -- Two weeks following the first congressional midterm elections in 20 years, major Argentine parties continue to take stock of their poll performances with an ever political eye set to changing needs.

The most startling news over the weekend was the resignations of Movement for Integration and Development (MID) President and Vice-President Arturo Frondizi and Rogelio Frigerio.

In what seemed to be bowing to pressure from party leaders, Frondizi, who founded MID in the early 1960s, and Frigerio resigned to make room for "the necessary debate over what should be modified in our party."

In the midterm elections MID allied itself with Herminio Iglesias' FREJULI [Justicialist Liberation Front] slate in Buenos Aires Province, winning a congressional seat for Carlos Zaffore, and ran with luckless Peronist independent Juan Labake's FRELI [Liberation Front] ticket in the capital.

Over 100 MID leaders had seriously questioned the party leadership and warned that the party "runs an imminent risk of disappearing" due to the "manifest political incapability" of the leadership.

Calling for the grassroots to decide on the future leadership, the lower cadre also warned "against any attempt to make certain changes so that nothing really changes."

The national plenary of the Christian Democratic Party (PDC), which extended into the pre-dawn hours of Sunday, resolved to strengthen and emphasize "common denominators with the Peronist renewal wing," as the strategic lesson learned from the 3 November results.

The PDC stressed the need to "recreate a national and popular movement to achieve revolution in peace and liberty in the framework of social solidarity."

PDC deputy-elect Carlos Auyero, who filled the No 3 slot on Antonio Cafiero's [Renewal, Justice, Democracy and Participation Front] FREJUDEPA

list, pointed out the party's concern over the Baker Plan, calling it "a cosmetic coverup...changing something in the relationship between peripheral countries and central nations so that everything remains the same."

There will be "no economic or industrial reactivation," Auyero argued, and called payment of the debt in the terms outlined by the International Monetary Fund (IMF), or the recently elaborated Baker Plan, "illegal and unjust."

The Intransigent Party (PI), proud of its "extraordinary growth," now totally a one-million voter mandate, also took a sharp look at "organizational shortcomings" during a national committee meeting last week.

PI blamed the Radical Party of waging an election campaign "empty of political content." It looked more like a "commercial advertising campaign than a political campaign to clarify ideas," PI claimed.

With its leader deputy-elect Oscar Alende in Congress, PI will stress that with elections over "the profound reality of the country's problems have resumed their dramatic proportions...subordinated to the adjustment guidelines of the IMF and intensified by the pilot test case for the Baker Plan."

Union for a Democratic Centre (UCD) deputy-elect Maria Julia Alsogaray, meanwhile, continued throughout the week contacts with "ideologically akin" parties to form an "opposition pole" in Congress.

The UCD has zeroed in on provincial independent parties to build what it calls a "liberal pole" that would be the third force in the 1986 Lower House.

/12640

CSO: 3300/64



ARGENTINA

HERALD OPPOSES AMNESTY LAW

PY231929 Buenos Aires BUENOS AIRES HERALD in English 23 Nov 85 p 6

[Editorial: "Not a Side Issue"]

[Text] The suggestion that military men below the rank of commander-in-chief accused of committing vile crimes during the "dirty war" should be amnestied was refloated by the Radical deputy Leopoldo Moreau. Like many others, Moreau seems to think it would be better to wipe the slate clean and start looking ahead instead of back. This point of view, while no doubt appealing to criminals who think they should not be condemned tomorrow for the crimes they committed yesterday, has inspired some eloquent rebuttals, as has Moreau's notion that the military have already been suitably punished because public opinion as a whole disapproves of what they did. Among those who disagree with Moreau are the Radical deputies Luis Caceres and, according to Caceres, Federico Storani. All three men, of course, are involved in the struggle for advantage that has broken out in the Radical movement in the wake of the 3 November elections, whose results, as it happened, favoured none of them, so it looks as though the amnesty issue is in danger of turning into a political football for use during Radical infighting. If this is the case, the individuals concerned should think again because the issue is far too important to be treated this way.

The "dirty war" remains one of the most important problems facing the country and the way it is handled could have a considerable bearing on the future. It will certainly not be solved merely by sentencing some of the c-in-cs now on trial to long terms in jail. It should not be forgotten -- although, incredibly, some people do seem to have forgotten it -- that hundreds, perhaps thousands of officers and men systematically tortured and then murdered people who, they apparently thought, were connected in some way with leftwing or neo-Peronist terrorist organizations. A certain proportion of these officers and men have, of course, retired since the "dirty war" ended approximately five years ago. But most of them are still in uniform and there is no guarantee that they will be impressed enough by the trial to resist the temptation to revert to their old habits should future circumstances make this possible. On the contrary, to judge by the occasional statements on the subject that are made by military spokesmen, most of the officer corps remains completely unrepentant and unwilling even to admit that excesses took place.



Senior spokesmen for the Roman Catholic Church have been lobbying hard for an amnesty, but most of them insist that "pardon" can only come after the guilty show convincing signs of repentance. So far, however, there is no evidence that the people involved in the dirty war recognize that the crimes they committed were crimes at all, as far as most of them are concerned, torture and murder are simply "acts of service" which are inevitable during an "unconventional war" and should not in consequence be considered punishable. This is an extremely dangerous point of view because there is a very thin line indeed between regarding certain acts "inevitable" and believing them completely legitimate, and there can be no doubt that most of the dirty warriors, far from being ashamed of their unsoldierly acts, are proud of them and would have no qualms about doing the same again.

Here, of course, is the basic dilemma facing Argentine society. If the people who waged the "dirty war" are allowed to get away scot-free, they will feel vindicated and this could increase the chances of them picking up where they left off should an opportunity present itself. If an attempt is made to try -- and, when this is called for, sentence -- these men, however, there is a danger that they will mount a large-scale terrorist campaign in order to intimidate the government and the judiciary. No matter what the government does the risks will be serious, but until there is good reason to think that the military really have turned their back on the past it would be premature for the rest of society to do this.

/12640

CSO: 3300/64

ARGENTINA

DAILY STRONGLY CRITICIZES STATE OF SEIGE

PY221735 Buenos Aires BUENOS AIRES HERALD in English 22 Nov 85 p 10

[Editorial: "Still Under Siege"]

[Text] A number of government leaders would like to lift the state of siege here and now because they fully appreciate that it serves no useful purpose. Other members of the government, however, are reluctant to follow their advice because if it is lifted so soon it will be generally assumed that there were no really valid reasons for proclaiming it in the first place. This, however, is already widely believed. The state of siege has usually been reserved, in theory at any rate, for large-scale disturbances which place the prevailing order in jeopardy, and alarming though the wave of bomb attacks experienced in October undoubtedly was, it did not come anywhere near to being a serious threat to status quo.

By proclaiming the state of siege the government found it easier to keep a handful of people, none of whom has yet been formally accused of anything because the necessary evidence is not available, behind bars for the last month. In some circles, no doubt, this is considered an important achievement. Nonetheless, the harm done to the government and, indeed, to the entire country by the precipitate imposition of the state of siege far outweighs any possible advantages. The government should have thought of this before it acted. Unfortunately it did not so both it and the rest of the country will have to live with the consequences.

The state of siege did nothing to enhance the government's authority. On the contrary, it undermined it because the act of proclaiming it seemed totally out of proportion to the alleged causes. And, of course, neither the announcement of the state of siege nor the hybrid measures taken previously encouraged faith in the competence of the Education and Justice Ministry or, for that matter, in the Interior Ministry, whose spokesmen had to bear most of the burden of explaining what so many people found inexplicable.

The state of siege has had an extremely negative effect on the country's international "image." It is in the national interest to persuade the rest of the world that Argentine democracy is strongly entrenched and enjoys the unstinting support of most of the population. When it was reported that

President Raul Alfonsin had felt himself obliged to proclaim a stage of siege, however, doubts about democracy's staying power immediately began to proliferate. Part of the problem, of course, is that the expression "state of siege" sounds far more sinister to foreign ears than it does to Argentine, and even well-informed officials abroad sometimes find it hard to distinguish between it and "martial law."

One immediate effect of the imposition of the state of siege and the atmosphere of crisis that enveloped the country as the election campaign drew to its end was the President's decision to postpone his visit to Japan. This naturally irritated the Japanese, and they could legitimately conclude that if the situation in Argentina was so bad that the President could not risk leaving the country, it would be senseless to expect their businessmen to increase their investments here. As Japan is already the world's biggest investor country and will continue to be so for a long time to come, abruptly putting off of Alfonsin's visit alarming the world by merely increasing the damage already inflicted by declaring the state of siege. Repairing this damage will not be easy, and although lifting the state of siege now might prove embarrassing, any steps taken to show the outside world that Argentine democracy is not in any kind of danger would be highly positive.

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CSO: 3300/64

ARGENTINA

ECONOMIC INDICATORS REPORTEDLY AUGUR WELL FOR AUSTRAL PLAN

Buenos Aires ARGENTINE NEWS in English 9 Oct 85 pp 61-62

[Article by DG & Asociados]

[Text:] In economic circles, all eyes are focused on President Raúl Alfonsín's economic team as they appear to be preparing to "thaw" the wage and price freeze in effect since the implementation of the Austral Plan. The trick will be to lift the current controls while keeping inflation levels in check using a combination of appropriate fiscal and monetary policies.

Members of the private sector agree that the relaxation of price controls will probably not take place until after the November 3 elections, and that they will not be lifted across the board, but by sector.

Low levels of inflation over the last three months indicate that the Austral Plan is functioning acceptably. Given fiscal balance, monetary discipline and new signs of life in the external sector, it is reasonable to assume that economic stability is here to stay, although Economy Minister Juan Sourouille and company are concerned that not every one in the economic community shares this view. Confidence is an important aspect of the plan, as it will help to break the cycle of inflationary expectations. Many observers believe that, after a long period of high levels of inflation, it will take Argentines a considerable period of time before they are accustomed to the rates of the last three months.

The economic authorities have two tools at their disposal to ensure a smooth transition from life before to life after the Austral Plan: the price and salary freeze and high real interest rates. But although a relaxation of price controls in the private sector would be accompanied by

an increase in salaries, this could cause friction in the public sector, where salary increases are much more controversial because of the expenditure guidelines of the government's anti-inflationary program.

The private sector will have to use its imagination to maintain profit levels because the government will only ratify correction of intermediate prices and marketing margins that have no impact on final prices. This will cause a change in cost structures and relative prices, which will undoubtedly hurt some producers more than others and make them reluctant to participate in future price and salary agreements.

Private surveys show that since the implementation of the Austral Plan, 70 percent of private businesses surveyed have maintained an even level of economic activity and replenished depleted stocks. None of the businesses suffered losses as a result of the plan; rather, they slowed production until they began to use their stocks.

In August those businesses returned to normal production levels. Even though the price freeze affects the profitability of some product lines, many companies have been able to overcome this problem. Thus, the survey shows that, on the average, private enterprises have been operating at 70 percent of capacity and at constant salary levels. A majority of these enterprises adopted a strategy of decreasing their degree of indebtedness.

Because fiscal expenditure is seen as the Achilles' heel of the Austral Plan, the Treasury's publication of the government's fiscal accounts for June,

### Grains: Available and future

Market	Grain	Available	Oct '85	Dec '85
Chicago US\$/ton	Wheat	101.00	--	109.13
	Maize	88.42	--	88.42
	Soya	192.75	--	--
Buenos Aires \$/ 100 kg	Wheat	6.00	6.00	--
	Maize	5.60	5.60	--
	Soya	10.18	10.18	--

### Metals: Available and future

Market	Metal	Unit	Avail- able	Nov '85	Dec '85
New York	Silver	US\$ troy oz.	6.013	--	6.095
	Copper	US\$ lb	58.60	--	59.35
	Gold	US\$ troy oz.	323.00	324.9	327.1

Heading	Unit of measurement	Date Rate September	Monthly	Dec '84	Yearly
<b>Prices</b>					
Consumer price ind.	1974 = 100	104,996,900	2.5	363.33	770.74
Whole sale price ind.	1981 = 100	112,690.2	1.2	362.15	753.22
Construction cost	1980 = 100	183,858.7	0.90	294.45	641.38
<b>Money (in thousands)</b>					
Money in circulation	\$	3,425,227.8	11.46	204.25	665.82
Deposits	\$	4,010,533.5	9.78	341.23	815.97
<b>Financial Market</b>					
Stock market ind.		2,631,546.8	44.67	837.41	1,622.91
1982 Forelyn (bonds)	\$	71.06	0.96	293.45	1,282.17
Savings interest rate (regulated)	m.e.r.	5.00	5.00	19.00	14
Loan interest rate (regulated)	m.e.r.	3.50	3.50	17.00	13
Unregulated interest rate	m.e.r.	6.74	9.50	26.60	--
<b>Markets</b>					
Libers	\$ / kg	0.325	--	348.52	1,130.9
Central	Jan '85 = 100	0.312	25.15	--	--
Grain	\$ / 100 kg	5.24	-1.87	241.51	1,007.88
<b>Exchange Rate</b>					
Official dollar (avg.)	\$ / US\$	0.801	--	398.29	1,560.0
Parallel dollar (avg.)	\$ / US\$	0.936	-2.68	418.50	1,253.07

Estimated

Sources: Data drawn up by D.G. y Associates based on: Central Bank National Grain Board, National Meat Board, Central Market, stock exchange and private sources.

July and August is important in the formation of the private sector's expectations.

Alfonsin's economic team reported the good news that the government's fiscal deficit has decreased, even reaching a slight surplus in the month of September.

Likewise, the team noted that the reduction of the fiscal gap has been the result of increased taxes and not a drastic reduction in government spending.

Keeping in mind that hiring has been frozen, expenditures on goods and services have been reduced to their lowest acceptable level, and capital investments have fallen significantly, from here on out further reductions in public expenditure will require political decisions at a higher level, which should come next year.

The foreign debt resurfaced on the economic scene in September with the arrival of 2.2 billion dollars of fresh funds from foreign banks, 800 million of which will go to paying off overdue interest.

On the monetary side, the government maintained an acceptable level of liquidity during September, with the money supply and still restrictive credit stabilizing unregulated real interest rates at 5 to 6 percent (per month), which is still high given the price freeze.

In order to lower real interest rates, the Central Bank induced a drop in unregulated interest rates through a reduction of the return on the BONOR, which is the guidepost of savings interest rates. This was complemented by a reduction of regulated interest rates. These measures are congruent with the decrease in the inflation rate expected for October.

DG & Asociados expects the volume of credit to grow between 5 and 6 percent this month. Interest rates will settle between 4 and 5 percent. Wholesale prices should increase between 1.2 and 1.6 percent, with a corresponding rise of 1.3 to 1.9 percent in retail prices.

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CSO: 3300/60

ARGENTINA

FLOODS' EFFECT ON ECONOMY ASSESSED

PY242130 Buenos Aires BUENOS AIRES HERALD in English 24 Nov 85 p 2

["This Week in Business" column by Dan Newland]

[Excerpts] Inflation is rising with the floodwaters in Buenos Aires Province. And that is not the only aspect of the economic consolidation plan that is apt to be negatively affected before the disastrously spreading waters begin to ebb. Also to be considered are such things as the country's trade surplus, money that would have come from that area in "compulsory savings" but that the state can no longer count on and the better than one billion dollars in estimated losses as a result of ceaseless rains that have turned 6.2 million hectares of prime pasture and farmland into a vast lagoon.

The retail price (cost of living) index increased by as estimated 4.9 percent in the third week of November in comparison with the average for the month of October (which brought the lowest monthly inflation rate since April of 1974) and some observers are worried that inflation for the month of November could be as high as four percent or more overall.

Granted, this figure would be extremely low in comparison with the better than 30 percent a month that was being registered when the Austral reform plan was brought into effect back in mid-June. But in comparison with the progress that has been made since that time -- inflation in the last two months has hovered right around two percent -- this would be a discouraging setback.

Fears are that such a setback could hurt the delicate confidence that has been generated by the reform and set off a rash of speculation and under-the-counter price-fixing that could jeopardize the progress achieved thus far in reining in inflation and consolidating the economy.

It is obvious that the floods have been a prime influence in the sudden inflationary upsurge. The inclement weather has kept food items from being produced entirely, or has damaged crops already in the field, or has kept them from being brought to market to varying degrees in an estimated 50 percent of the richest of Argentina's farming provinces.



Bods have been utterly disastrous, and the weather has not yet cleared up completely. In the worst affected areas, reports indicate that as much as 50 percent of the average yearly rainfall -- in a region where it rains rather a lot to begin with -- fell in a matter of a few days.

Preliminary government estimates show that about 10 percent of the wheat crop for the 1985/86 harvest has been lost. Farm sources quoted in the local press say, however, that this observation is entirely too optimistic. They figure it is something more along the lines of 30 percent of the crop that has been lost, and add that there have been big losses in other crops as well.

As much as 600 million dollars in crops are estimated to have been lost so far. The coarse grain crop has also been seriously endangered in that farmers in some areas will never be able to get into the fields in time to get them some before the planting season is over.

In addition to crop losses, it is estimated that at least 200,000 head of livestock have perished so far in the advance of the rushing waters that have swept over the land.

Damages are already running over a billion dollars and could well run as much as two billion, some observers say, if the rains continue as they have throughout this past week.

The gravity of the situation is reflected in the concern of some grain exporters that they may not be able to meet their contracted obligations for sales abroad. It wheat along the country already has contracted foreign sales for a total of four million tons, which, in light of the floods, drove the FOB export price of wheat up by ten dollars a ton in a single trading day last week.

It is also demonstrated in the concern of the government, where it was reported last week, technocrats are already rethinking the overall economic picture for this year and the beginning of next, including their strategy for dealing with the foreign payments crisis.

In other words, what is going down the drain with the awesome floodwaters in the province of Buenos Aires is very, very big money at a time when Argentina can least afford such a serious blow to its agriculture-based economy.

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CSO: 3300/64



ARGENTINA

BRIEFS

IRAN CANCELS GRAIN PURCHASE--(DYN) -- An Iranian trade official yesterday admitted his government has cancelled plans to renew grain purchases which last year meant 400 million dollars in foreign currency for Argentina. Iranian embassy trade attache Abbas Salary attributed the cancellation to Argentina's refusal to buy Iranian oil and raw materials, but diplomatic sources said Argentina's 25-million-dollar sale of military training aircraft to Iraq most likely also proved a factor. Salary said an Iranian trade mission recently cancelled a planned visit to renew grain purchases when Argentina refused to buy Iranian goods. But diplomatic sources noted the timing of the cancellation and the confirmation that 20 Pucara training aircraft would be sold to Iraq, Iran's enemy in a costly four-year war between the two neighbours. Cordoba Foreign Trade Secretary Jose Caminotti, last week confirmed the plane sale after months of see-saw negotiations veiled threats by Iran to cut its grain purchases. The plane sale will help reactivate the Fabricaciones Militares factory in Cordoba but Argentine farmers are expected to suffer from the cancelled grain sales. Last year Iran was the country's third largest grain buyer, having purchased wheat, corn, oilseeds and rice. [Text] [Buenos Aires BUENOS AIRES HERALD in English 15 Nov 85 p 3] /12640

CSO: 3300/64

BRAZIL

FUNARO SEEKS EQUAL TREATMENT UNDER BAKER PLAN

PY230202 Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 Nov 85 p 15

[Text] Brasilia--Finance Minister Dilson Funaro will leave tomorrow night for Washington to meet with U.S. Treasury Secretary James Baker. According to information obtained yesterday, Funaro's trip is to request that Brazil be given conditions similar to those granted to the Argentine Government under the Baker Plan, which proposes that fresh foreign loans be supplied to developing countries.

Funaro, who will arrive in Washington on 24 November and will return to Brazil on 25 November, will not have official contacts with the IMF. Funaro has maintained contacts with Baker--who is regarded by the Brazilian officials as a strong ally to obtain fresh loans from private creditors beginning in 1986--since his trip to Seoul, South Korea, where the Baker Plan was launched. The Baker Plan proposes that \$29 billion in fresh funds be supplied to Third World countries over the next 3 years, of which \$20 billion should be provided by private banks and the remaining \$9 billion by the World Bank (IBRD). Brazil is today the largest debtor of the IBRD, with which it maintains close business relations.

Funaro will state in Washington that Argentina has truly taken the right course in its fight against inflation and other economic problems. Brazil has closely followed the Argentine experience and has adopted some similar measures such as price controls, and restrictions on public expenditures. Thus, according to Funaro, the two countries should be treated equally under the Baker Plan.

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CSO: 3342/37

BRAZIL

WIDESPREAD HUNGER IN RURAL SAO PAULO REPORTED

PY272125 Sao Paulo Radio Bandeirantes Network in Portuguese 0900 GMT  
27 Nov 85

[Text] The interior of Sao Paulo State is in a serious situation. Because of the long drought, there is no work in rural areas and thousands of people are starving. Bahia Filho reports:

[Begin recording] In a meeting with more than 30 mayors from southwest Sao Paulo State, Governor Franco Montoro promised to use all of the state's resources to furnish, at least, soup to the hungry itinerant farmers, who are jobless due to the long drought. Through this measure the government will seek to prevent looting and other social violence. Montoro also promised to transfer the priority work of other areas to the regions affected by the drought, thus creating new jobs. The governor expressed his intention to President Sarney in Brasilia to demand urgent measures in defense of small farmers because he believes the situation is catastrophic and the greatest problem--famine--has to be solved.

Evandro Maciel Sanchez, mayor of Santo Anastacio, reported that in the region of Presidente Prudente, the situation is extremely serious, with famine, unemployment, and anguish over the total loss of crops. Santo Anastacio's mayor told Governor Montoro, the Agriculture, Planning, and Labor secretaries that the mayors of the counties affected by the drought cannot wait for solutions that depend on bureaucracy, and demanded that the government create immediate sources of employment, and distribute food to the hungry population. He also demanded that bank loans be less rigid; otherwise, the small farmer will shoulder the burden of the agricultural crisis next year. According to the mayors, almost 100,000 people are without food or jobs, and the mayoralties cannot provide jobs to the thousands of unemployed people in the rural sector. [end recording]

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CSO: 3342/37

BRAZIL

DAILY VIEWS GOVERNMENT'S ECONOMIC PACKAGE

PY302302 Rio de Janeiro LATIN AMERICA DAILY POST in English 30 Nov 85 p 4

[Editorial: "Economic Package"]

[Text] The government theoretically has struck the right balance between cutting expenditures and readjusting revenue sources to come close to balancing next year's budget. But there has always been a drastic gap between theory and practice in Brazil regarding economic policy and it will be up to the leaders of the New Republic to prove that the new economic package announced on Thursday will work.

The president's pledge, and supporting measures, to cut back public sector spending on paper looks good. If President Sarney really can get a hammerlock on the runaway state company expenses, as well as reducing the bloated and inefficient payrolls, it will be a minor revolution. His demand that public works investments only will be authorized and funded with specific presidential approval should mean a rationalization in expenses. However, if the president uses this authority for political purposes, which is not impossible since next year is an election year and the PMDB [Brazilian Democratic Movement Party] needs all the help it can get, then this may end up boomeranging.

Taxing capital gains and financial market speculation is an obvious improvement in the personal income tax code. We liked Finance Minister Dilson Funaro's plan to reduce withholding taxes on all salaried employees although we cannot work up much enthusiasm for his three-year payback plan for taxes withheld this year. It sounds very much like the tactics adopted by the technocrats during the military governments such as compulsory deposits for overseas travel.

The government is determined to invest more in the social area and we all should applaud this ideal. The president announced specific measures for the poor, food plans and educational programs. He is absolutely right when he says that the New Republic has pretty much consolidated the political freedoms that it pledged and that it now is time to work on social gains.

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CSO: 3300/65

BRAZIL

BRIEFS

**BRAZILIAN-AFRICAN CHAMBER MEETS**--The Brazilian-African Chamber of Commerce, together with the Spanish Chamber of Commerce, today opened a meeting in Sao Paulo to resume the talks that began on 21 October in the Canary Islands, where efforts were made to increase commercial relations between the Latin American and African continents. [Summary] [Brasilia Domestic Service in Portuguese 2100 GMT 27 Nov 85 PY] /9738

**OIL EXPENDITURES DOWN**--According to the president of Petrobras, Brazil's liquid expenditure for the purchase of oil has dropped from almost \$10 billion in 1981 to approximately \$3.6 billion this year. [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 27 Nov 85 PY] /9738

**TRADE BALANCE SURPLUS**--According to the Brazilian Markets and Capital Institute up, Brazil this year has exported goods worth \$20.75 billion and imported \$10.49 billion thus showing a trade balance surplus of \$10.25 billion through October. [Summary] [Brasilia Domestic Service in Portuguese 2100 GMT 27 Nov 85 p PY]

**PLANES TO SHANGHAI FAIR**--In an attempt to increase its international sales, the Brazilian Aeronautics Company [EMBRAER], will participate in March in the Shanghai Aerospace Fair. EMBRAER will take the Tucano, the MX fighter plane, and other planes that may arouse customers' interest. [Text] Sao Paulo Radio Bandeirantes Network in Portuguese 0900 GMT 19 Nov 85 PY] /9738

**SHORTAGE OF LOCOMOTIVES**--Osiris Guimaraes, chairman of the Federal Railroad System, has reported that 40 percent of its locomotives are not functioning due to lack of maintenance, and that the fleet needs a minimum of 40 more locomotives. [Text] [Sao Paulo Radio Bandeirantes Network in Portuguese 0900 GMT 19 Nov 85 PY] /9738

**IDB LOAN**--The IDB has approved a \$52 million loan to the Minas Gerais Electric Power Plants, Inc [CEMIO] for a program designed to expand the electricity transmission system in this state. This program will cost \$186 million, and this loan covers 30 percent of the total. This program was approved today through a decree signed by President Jose Sarney at a meeting with Planning Minister Joao Sayad. [Summary] [Brasilia Domestic Service in Portuguese 2100 GMT 21 Nov 85 PY] /9738

CSO: 3342/37

BRITISH VIRGIN ISLANDS

PAPER SEES PRIVATE SECTOR AS KEY TO INDEPENDENCE ISSUE

Road Town THE ISLAND SUN in English 12 Oct 85 p 13

[Editorial]

[Text]

What is going to be the future of the BVI? - this question is often reiterated among natives, residents, businessmen, foreign investors and prospective investors. When the question is asked then the next obvious question is about independence. This is an emotional question and though it is a delicate topic it seems to have second place in the hearts of many BVI Islanders.

Of course, the second question has a lot to do with our future and it would be irrational to ignore or to evade it. A realistic and often heard reply is that: we are not ready. Then, when will we be ready? - Common sense would say that we will be ready when we have stabilized our economy on more solid roots and when we become less dependent on assistance from the outside. In short the key to independence, in the widest sense, is to be found in a stable, profitable and prosperous economy.

To achieve a prosperous economy it is not enough for our government to pave the roads, maintain and expand water piping, extend the airport and take care of a kaleidoscope of public services. Development is the answer. But development relies almost entirely on the private sector. Now we have touched the heart of the big question about our future.

If you agree that the private sector plays a key-role in the development of our country, then you will agree that a lot more can be done and must be done to encourage the private sector to invest substantially in this country. Another delicate point revolves around our urgent need for new investors, but this can only be achieved if the prospective investors will believe in our stability: they want to be reassured that arrangements made today will still be respected 20 years from now. Stability fosters confidence, and confidence is indispensable to a growing economy.

The answer to the first and main question: what is going to become of the BVI, depends principally on us. So we can go in either direction, with our people becoming stronger economically and politically or with them becoming poorer and weaker. As Sir Arthur Lewis said: it is not the econo-

mists or the politicians who will make the choice, but the people themselves. It mostly depends on us, the people. Will we save enough? Will we come to grips with those delicate problems such as immigration, education, etc? Will we make the best use of the resources we have?

We have already made an appreciable progress in all the spheres mentioned above. Whether we shall intensify this experience or contrive to forget it is in our hands. Let's be sensible.

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CS0: 3298/119

CHILE

AD PRESIDENT ADDRESSES OPPOSITION RALLY

PY221728 Santiago Radio Chilena in Spanish 2320 GMT 21 Nov 85

/Address by Demoratic Alliance, AD, President Andres Valdes to an opposition rally in O'Higgins Park in Santiago sponsored by the AD--live/

/Text/ There are hundreds of thousands who cannot get near the park. I, as any Chilean who has read the history of the Republic, can tell you that this is the largest rally ever staged in Santiago. /shouts/ We are gathered here, and this large crowd represents the Chilean people, it represents them legitimately.

The students who are struggling in the vanguard of liberty are here. /shouts/ The workers, whose faces reflect the bitterness and suffering that poverty brings and who live in uncertainty, are here. Beside them are the unemployed, those who have lost their jobs, and those youths who have never had a chance to work. /shouts/ Here are the pensioners, whose living standards have not improved; the transportation sector workers, who have been deceived over and over again; the merchants; unfortunate debtors. Here are the professional workers, the intellectuals, the technicians, and the artists whose talents and abilities have been looked at suspiciously and who have not had a chance to participate in the great task of leading Chile.

Here are the businessmen, the men who work and who are affected by unfair discrimination. And above all and overwhelmed by sorrow, here are the slum dwellers and their relatives, those who have miserable homes and those do not even have a home or a voice to make themselves heard, the propitiatory victims of repression. Peasants have also come, and I congratulate them because they, too, have some faith. /words indistinct/ the missing, the tortured, those in exile, those in prison, and all those who have died, because there is no more democracy in Chile. I ask that we pay homage to all of them with a minute of silence. /trumpet call/

Here are those who have accepted the invitation extended by the Democratic Alliance, all those Chileans who wish to gather peacefully with clear objectives that have been expressly published.

I want to reiterate that what we have come to defend is our right to elect our own rulers. During the past 12 years under the dictatorship, the government has



imitated nature: quakes of violence staged by the armed men against the unarmed; floods of foreign products; waves of repression. We, divine Chileans, have lived isolated, afraid, awaiting the outbursts of bad tempers, the desire for revenge, or the waves of repression, or if not the cloud of ashes of useless words.

We Chileans have always suffered the consequences of the natural disasters, but none of us is going to bear the dictatorship as an unavoidable calamity. We are at the beginning of the end. For many years, right from the beginning, we have struggled for freedom. But all the progress that has been made is the result of the sacrifices made and our faith in democracy.

Chile has been divided, castigated, mangled under the rigor of repression and fear, and thus it launched--you should remember--the Democratic Manifest. And later it created the Democratic Alliance as a pact of political, juridical, economic, and social definitions. Then, thanks to the generous patriotism of Cardinal Archbishop of Santiago Monsignor Fresno, /applause/ the "National Accord for the Transition to Full Democracy" came into being. These have been fundamental steps to consolidate the will of the civilians. We are pressured for time, because every minute of the dictatorship subtracts 1 hour from the future democracy. To engrave with fire the reasons for our haste, let us recount the calamities that amount of the moral crisis of Chile.

Countrymen, this dictatorship is blind and deaf, but it is not mute. On the contrary, it talks and lies continuously. /shouts/ We know that lies are the daughter of violence. The cains must hide behind lies to cover up the torture and killing of countrymen. The dirty work of the security services facilitated speculators to make easy money.

Thus, the work has been divided: Eyes that do not see torture; hearts that harbor no sentiment and deny the existence of torture. The violation of human rights has been the Calvary of Chile. How many times have we asked that this violation be ended? How many times have we asked for profound changes? We have done it so many times only to attest to immense hypocrisies, to crimes.

The root of the moral crisis can be traced to the silence that makes an important part of the leading class an accomplice to what is happening. The government illuded this class with goals and timetables and timetables. It did not realize that the only goal of the personalist government is not to have any timetable. The partisans of the government have been the victims of this illusion. They have been deceived with easy money and abundant credits. Then their accounts were stopped with the result that some of them lost their property and their dignity, and others managed to save their property but lost their dignity. I want to tell you that present in this park are those who lost their property but saved their dignity. /shouts/

In the midst of all the sufferings, there were voices and testimonies that enlightened the nation. These were voices of dignified men who paid the price for their dignity; voices of priests who did not cease teaching about and protecting the value of life. The time has come to express our gratitude to them on behalf of the nation. This is why I want to tell you this afternoon that

when the dictatorship comes to an end, this same O'Higgins Park will be rechristened Human Rights Plaza. /shouts/

This state of affairs has also brought about a profound cultural crisis. The country has lost its identity, and the government has trampled on the values that shaped Chile as a nation. The search for security has been replaced by an unbridled individualism and the pursuit of profit; austerity has been replaced by ostentation and squander. The desire for easy wealth has pushed many Chileans to the brink of illegality. Never before have so many economic crimes been committed as have been during this period of the dictatorship.

The means of communication are being manipulated or owned by the government. We are attacked and our intentions are distorted through the means of communication, and we are denied the right to reply. Lying is a systematic practice, because the objective is to disinform continuously. Sincerely speaking, is there anyone among you who believes that in Chile television is the vehicle of truth? /shouts of "No!"

Meetings in the Diego Portales building, where bromides and empty words are produced on an industrial scale, are seen live by the whole nation every day so that we can assess the real character of those who govern us. But, countrymen, the cultural crisis has reached a climax in the universities. The slogan of all dictatorships, ever since it was coined by a minion of dictator Franco at the University of Salamanca in front of the illustrious Miguel de Unamuno, is death to intelligence, long live death! The military's intervention of the universities for the past 12 years is an offense to culture and shows disdain for science. The presence of the interventors at the universities is an undeserved humiliation for both the professors and the students. The renewal of our national culture calls for the recovery of the freedom of conscience in the classrooms.

We also have a crisis in the economy, which is the most obvious demonstration of the failure of the dictatorial regime. The loss of production that has accumulated since 1982 is equivalent to half the country's production during an entire year. Chile has gone backward 18 years in terms of production per capita. More than a million Chileans do not have jobs or have lost more than 15 percent of their salaries' buying power. The workers have lost more than a month and half of salary per year. But the poorer workers, those who live on a minimum salary, have lost 40 percent of that monthly minimum salary. The same thing has happened to the hundreds of thousands of pensioners who have unmercilessly been denied readjustments to their modest incomes. A policy favoring speculators at the expense of producers and entrepreneurs has been implemented.

This afternoon I want to dispel an economic mystery. All of you know that in Chile there has always been an area of state property along with an area of private property. But in addition to these, there is now in Chile what has come to be known as the privileged area of the economy. This is a unique case in the world. Chileans must know that the privileged area has been instituted in order to save the wealth of those who are unconditional supporters of the regime, to negotiate on a case-by-case basis their debts in order to politically

pressure businessmen and producers. A privileged economy implies a privileged economic structure, privileged ministers, a privileged government, a privileged president of the nation. That's enough of privileges! /applause/

The foreign debt is weighing heavily on our shoulders. The Chilean foreign debt totals \$1,558 per capita, one of the highest in the world. This debt affects enterprises, and thousands of farmers, merchants, and industrialists have been left at the mercy of the banks, have lost their entrepreneurial and personal freedoms as never before. Investments are at the lowest level, and as a consequence, the country is bound to have serious difficulties creating sources of employment that it so badly needs. The lack of investments is closing the door to the youths who are seeking employment, to the youths who want to join society, to the youths who want to start a family.

This cannot continue, countrymen. This debt has created commitments that seriously injure our sovereignty. All Chileans will have to pay for private commitments that we have not personally contracted. Despite their crass failure, those who are responsible for the crisis insist in continuing to manage our economy. Now they are trying to sell off the state-owned enterprises by entering into deals behind the backs of the people, without democratic control and at cheap prices. This was done through the Mining Law. We reject outright the privatization of state-owned enterprises that were capitalized through the effort of all Chileans. We also reject the transfer of our basic wealth. /applause/ The country needs democracy in order to manage its economy. We have had enough of irresponsible experiments.

We also have a social crisis at hand. The government has dismantled the social organizations. The government is interested in keeping the citizens isolated, deprived of the strength of their organizations. The Labor Plan has tied the hands of the labor movement so that the workers can be slapped in the face with impunity. With perfidious irony, the Labor Plan has been introduced in the organizations. The population living in outlying urban areas are like concentration camps of poverty. The urban population in Chile are segregated as they are in South Africa, a country with which this regime wants to conclude an alliance.

The construction sector is one of the most depressed in the economy. The unemployment rate in this sector is more than twice the general average. Those with mortgages, more than 600,000 families, mostly in the middle class, have had their debt renegotiated on very meager terms compared with the subsidies to the financial sector. In the area of health, all the medical and paramedical personnel know the reality of the health services. Hospitals and medical clinics lack even the most elementary supplies. I want to tell you today that the government today invests 17 times less than the private sector in equipment. The environment has deteriorated, and we have retreated to the limits of misery. This is why the country owes a debt of gratitude to the physicians and other health workers, because they have valiantly denounced the deterioration of social medicine in Chile. /applause/

Agricultural activity is increasingly more insecure and peasant life is ever harder. There is fear in the rural areas, where the union and cooperative organizations have been destroyed. More than 100,000 families have been uprooted

from their land because they prefer a labor contract that will protect them and establish working conditions. The country will have to recognize once again the dignity of those who till the soil in order to feed Chile. Agricultural endeavors require stable policies, clear stimulus, adequate credits, and a climate of respect in which the peasant, the landowners, and the salaried worker can work together with the necessary guarantees. Let us always bear in mind that the countries with strong agriculture are the ones that get ahead.

We have watched indignantly the dismembering of the state and the collapse of its planning, leading and guiding functions. We are anguished at the decay of the provinces and the monstrous growth of Santiago. To top this string of calamities we have had to endure, let us not forget that Chile is bereft of political institutions. The so-called 1980 Constitution will end up by being the rope in the house of the man that was hanged. /shouts, applause/

#### The Chasm Between Civilians and Military Men

I have mentioned all these calamities just to show how far we have fallen. The rebuilding of the republic poses unavoidable requirements. We must acknowledge that we made a historical mistake before the advent of the dictatorship and that this mistake has dangerously widened the chasm between civilians and military men.

We have been living in two worlds that have deeply distrusted each other. Let us call a spade a spade. During these 12 years of dictatorship the military have increased their isolation. We civilians are not seeking a confrontation with the armed forces and whoever is planning or proposing to do so is crazy. It would be tragic for Chile. /applause/

We dream of a great and generous nation with the full integration military men into democratic society. This calls for professional respect, clearly outlined functions and the obedience of the armed forces to the political authorities elected by the majority of the people.

This is an essential aspect of the accord that Chile must achieve in order to attain and firm up its democracy. After 12 years of facade organizations, the country calls for a modernization of the armed forces. In a poor country subject to severe social tension, the organization in charge of national defense must have the confidence of the people.

#### Worship of Power and Violence

A few days ago, Santiago Archbishop Cardinal Fresno, on reflecting on violence, stated: There are some who believe that they have power over other men because they wield instruments of death and domination. There are some who believe that their power is eternal and behave like gods, placing themselves above other men in a haughty and domineering fashion. How true were his words, and at the same time /passage indistinct/.

There will never be democracy in Chile if the cult of violence persists. There will never be democracy in Chile if we replace the vote with the rifle. The peace that we desire will never exist if an end is not put to the cowardly and anonymous terrorism.



No Chilean can be another Chilean's Cain. There can be no moral justification for murder, nor for unleashing revenge. We do not want a fatherland where the eye for an eye and a tooth for a tooth principle prevails. We want independent, effective, and straightforward justice. /applause and shouts/

Fellow citizens, peace is no falsehood, peace is what Chile wants, it is what its men and women want. It is not true that life is worth nothing. On the contrary, every day we praise life for having given us so much, even amid all this suffering.

On behalf of the parties and movements that belong to the AD, I beg of you, Chileans, to put an end to the worship of death. Let there be no more terrorism in Chile /shouts/, let there be peace /applause/, for without peace Chile will be a useless /word indistinct/. /applause and shouts/

The threats are enormous. For many years we have been announcing that in its drive to remain in power at whatever cost, the regime would unleash a spiral of violence that no one would be able to stop.

When no legitimate channels of expression are open, desperate people, those who believe that death is the final argument, burst into the open. Time and again we have denounced this monstrous dialectic and called for democracy to make life worth living.

Now is the time to put an end to demagoguery. The coming years will be extremely hard. The economic, political and social shortcomings are enormous. The people must know the truth, without delusions or falsehoods. The AD does not promise any miracles nor does it want to delude the people. The people know that there must be priorities and sacrifices.

The first priority will be employment because unemployment and especially unemployment among the young, corrodes hope and undermines social life. Democracy can help avoid bloodshed and tears, but no one can hope that sorrow and the need for shared sacrifices will disappear.

Mr General, we politicians are responsible and we do not go for temptations of ease and illusions. You were a great demagogue when you sold automobiles, television sets, and telephones to nearly all the Chilean families. /applause/ Your flatterers compare you to Portales. But you are the reverse side of the coin. Portales built a state and you have destroyed the republic in order to build personal power and contract a mammoth debt. /applause/

Countrymen, we are here to initiate the final stretch of this great civic struggle. We are here to demand democracy. If we believe that the "National Accord for the Transition to Full Democracy" is the instrument to achieve democracy in a civilized way. We must support it and propose it as the essential basis for civilized life. If someone considers it insufficient, we call on him, out of a patriotic realism, to recognize that the National Accord is just and serious proposal. In a crisis, patriotism imposes on us the obligation to seek the common good of the nation. Without the National Accord--I want to speak out clearly--without the National Accord, we will only be heading toward a civil war in Chile. /shouts, applause/

And to those who do not understand that Chile is at a dramatic crossroads, to those who are still immobilized by fear, we advise them to end their hesitation and fear, because the time has come to decide between dictatorship and democracy exercised with responsibility.

And to begin with, countrymen, let us demand compliance with the immediate measures proposed by the National Accord. This is why today, all of us must demand the prompt release of Rodolfo Seguel /shouts/, Jose Luis di Giorgio, Manuel Bustos, Arturo Martinez, Eduardo Valencia, Mario Arameda. /shouts, applause/

These men have been decorated by the government, because the dictatorship has jailed many decent men with clean hands. Their fasting and their example mark them as leaders of freedom. We demand a redress of the workers' grievances that have been stated in the labor petition and many other similar requests by labor organizations.

We demand an end to exile, to this painful way of living death. We embrace the exiles and promise that in the next rally we will hold at this park, all of them will be here with us. /shouts/ We demand an end to the practice of exclusion, the nonapplication of Transitory Art 24, the full re-establishment of public freedoms, the reinstatement of citizenship to those who have been stripped of it, the lifting of the political recess, and the suspension of the measures restricting political activities, and complete respect for human rights.

Chilean men and women: I demand on behalf of all of you, of all the free Chileans who were born in this country to live with dignity, that Mr Pinochet adopt those measures. /shouts/ These demands, which are included in the National Accord, constitute the minimum of good faith we require from you, because you, Mr Capt Gen Augusto Pinochet Ugarte, are the obstacle to democracy in Chile /shouts/.

Chilean men and women: We want a democracy based on justice and the ethical principle of respect for human rights, safeguarding the institutions that assure the fullest development of personal freedom and safeguard the rights of everyone. We want a democracy for all Chileans, a democracy that can be improved and that can find strength in its consolidation.

Once again, I reiterate that democracy will not make things easy, that it will imply a long and sustained sacrifice on a collective and national scale. Nothing will be easy at first, but we will begin by restoring dignity for the citizens, because the freedom that is inherent in order is the fruit of agreement. In the Chile of the past, we were so ideological that we had to pay dearly for it, thus ending up divided into friends and enemies. Each of us must change in order to responsibly tackle the task of reconstruction.

If Argentina has managed to re-establish an enviable democracy, if Uruguay was able to restore its institutions in freedom, if Brazil found its true identity in autonomy and freedom, why can not Chile do the same? How much longer will we have to live with this misfortune? /applause/

Chile wants to break out of its isolation in order to participate in the democratic life of the continent, thus resuming its active role in the history of our America. The democracy we seek will be the continuous implementation of agreements, not of exclusions; the exercise of understanding and dialogue, not of threats. Democracy must establish a climate of governability; that calls for loyalty in our conduct, from both those in and out of government. Because deep down, democracy must have a profound ethical foundation. Nobody will trample on anybody; nobody will have more power than the people, who will express themselves through the exercise of their rights and their best judgment. But democracy must also establish clear limits for disagreements: The rules of coexistence and the rights of citizens will have to be accommodated to the priority objectives of eradicating the scandal of extreme poverty and wretchedness, of creating stable employment, and of attaining a high, sustained rate of economic growth.

Those objectives are difficult, but not impossible. They must be reached; and we will, as we conquer our independence. Countrymen, we will start working with what we have, living with what we have, with austerity and without ostentation; with the spirit of happy and confident Chileans who are sure of themselves. But democracy will not come into being all by itself. Just like we today have won the right to gather in this assembly of the people--a right that we will continue to exercise in all the cities, towns, and villages--we will proceed to develop all the other rights /applause/. This is the pledge of all of us who are gathered here today--but not only of those who are here, it is also the pledge of millions of Chileans who are listening to us over the radio. Let us all subscribe to this oath: That we will abide today and in all the days to come by the decision of this assembly of the people who are united to struggle for democracy.

Chilean men and women: Democracy is born when a crowd is transformed into organized people who can freely express themselves in the highest act of sovereignty: The vote. The people can stand up to say: Enough of dictatorship, decadence, recession. The people must vote, /applause/ so that we can choose our way of life and government. We have initiated a great national crusade for the vote. The electoral records were burned, but they can be recompiled. We want to elect and so we must vote, which is the act whereby the citizen decides the fate of the fatherland. We want to elect mayors, a Congress with constituent, legislative, and overseeing powers. And finally we want to elect a president of the Republic /shouts, applause/.

His Holiness Pope John Paul II, through his mediation, staved off a war with our Argentine brothers. When the Pope comes to Chile, Chileans must be at peace among themselves. Peace that in this case will be called democracy /shouts/, that is, unity among Chileans. We have to receive John Paul II in democracy and freedom.

Countrymen, in this broad and wide assembly, with faith, joy, without rancor, let's start an unstoppable march toward a democracy that will make Chile the land of all Chileans. But each Chilean man, every Chilean woman, every one of you is the architect of peace and democracy. Each one of you, each one of us, must conquer the expanses of our freedom. Democracy will take share to the extent that each one of us struggles for his own share of dignity and freedom until it is secured.



We are coming to the end of this beautiful civic festivity that does honor to the republican history of the fatherland. The shadows of night are gathering; we will meet at another time. But let's go in peace; let no one provoke nor let himself be provoked. Let's rid ourselves of fear, fear of the present, because with the eyes of our soul we can envision the future that begins today, drive by the overpowering strength of a people who are committed to a historic mission that they must perform for and by themselves. What we do not do for and by ourselves, nobody will do for us. Let us keep in mind today, as we always have, that there is no force capable of holding back freedom; no force, man, or power, whether military or civilian, that can succeed in shackling the soul of this people who are bursting with joy, confidence, and self-assurance. Long live Chile! /shouts/

/12228

CSO: 3348/222

CHILE

## SOCIALISTS STRIVE TO REACH UNITY

PY250104 Madrid EFE in Spanish 0956 GMT 23 Nov 85

/Article by Santiago Diez/

/Text/ Santiago, 22 Nov (EFE)--Divided as they are into at least eight factions, three or four of them with considerable influence, the Chilean Socialists are trying to find their way to unity.

According to several Socialist leaders, the main problem regarding their efforts to achieve unity involves the various interpretations of the Socialist doctrine. This issue has been the object of increasing debate.

The Chilean Socialist Party has traditionally been the Communist Party's ally; and when on some occasions it was not, at least it remained faithful to Marxist-Leninist ideology.

However, this tradition has undergone major changes, particularly after the 1973 military coup, and after the appearance of new Socialist groups in the interior of the country and of new forms of socialism in other countries, especially in Europe.

A major issue that divides the many Chilean Socialist groups apparently involves the definition of socialism: While some insist on the Marxist-Leninist definition, others, although not in a loud voice, prefer the humanistic approach.

All Socialist groups have two common features: They claim for themselves the historic name of Chilean Socialist Party, and they also claim to support the ideas and actions of former President Salvador Allende.

Among the most important Socialist groups are the orthodox or hardliners, led by Clodomiro Almeyda, the former foreign minister of the Popular Unity Administration; the proalliance faction (which has joined the Democratic Alliance) led by Carlos Briones, the former interior minister under Allende; and the historical faction led by Manuel Mandujano, which claims to maintain the historical roots of socialism.

In a public statement released upon conclusions of its 24th congress, the Almeyda-led faction believes member of the People's Democratic Movement (MD)--to

which the Communist Party also belongs--stated that unity will be achieved in a few weeks, at least with some minor groups and with the historical faction, although the latter demand a previous agreement with the proalliance faction.

A paragraph of the conclusions of the Almeyda-led faction's congress, which calls upon all political and social sectors to avoid being deceived by bourgeois alternatives of change through deals with the armed forces, seems to be dedicated to the proalliance faction.

The Almeyda-led faction believes that the right thing to do is to wage an increasingly stronger struggle based on the unity, organization, and militant spirit of the masses. This struggle, which is being waged through protest actions and strikes, should end with a triumphant insurrection of the masses.

The hardliners reiterated that their organization follows Marxist-Leninist principles. They also evaluated their deficiencies and shortcomings and the negative effects of the division within the left.

Meanwhile, almost all the Chilean Socialist factions have joined the so-called board of the left, an alternative that may lead to unity. The United Popular Action Movement and the Christian Left, which are regarded as the humanist and Christian faction of Socialists, have also joined the board.

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CSO: 3348/222

CHILE

NATIONAL VANGUARD ANSWERS DAILY'S QUESTIONNAIRE

PY221440 Santiago HOY in Spanish 11-17 Nov 85 pp 12, 13

/National Vanguard Party leaders Elena Fornes Llona, Patricio Vildosola Formas, Exequiel Jimenez Ferry, and Raul Orrego Escanilla reply to HOY magazine questionnaire; place and date not given/

/Excerpts/ /Question/ Does the National Vanguard define itself as a "Pinochetist" movement?

/Answer/ The National Vanguard does not define itself as a "Pinochetist" movement. However, it fully shares the political ideology upheld by the president of the Republic. It should be understood that, since it is an essentially nationalist current of opinion that respects the current government's Declaration of Principles, the National Vanguard hopes that the work carried out by this regime will project itself beyond the current leaders of the process and thus bequeath a durable legacy to the generations to come, upholding four irremissible principles:

- "1. To acknowledge as legitimate both the origin and the right to exercise power of the military regime that resulted from the people's uprising of 11 September 1973.
- "2. To respect and fully defend the 1980 Constitution, which is currently in force.
- "3. To loyally support His Excellency, the president of the Republic, Capt Gen Augusto Pinochet Ugarte, as leader of the civilian process that, in keeping with the Constitution, will lead us to a fully, renewed, and integrated democracy.
- "4. To wholly reject violence, expressed in the forms of terrorism and Marxist subversion which are alien to our peaceful desire for national coexistence."

/Question/ What relationship does the National Vanguard have with other groups supporting the government, such as the Independent Democratic Union (UDI)? I am asking this question especially thinking of the new Movement of Independent Slum Dwellers /Movimiento de Pobladores Independientes/ that appears to be linked to you but to be against the UDI organization of slum dwellers.

/Answer/ None at all. The National Vanguard is a movement independent of other movements, political parties, or currents of opinion. We might share opinions on some issues, but this does not influence the National Vanguard's independence.

/Question/ You must be aware that you are accused of acting as a facade for the National Intelligence Center (CNI). What do you have to say to that?

/Answer/ That it is a monstrous invention.

/Question/ What does the National Vanguard have to say about the National Accord for the Transition to Full Democracy?

/Answer/ The same as we have publicly stated before: It is an ambiguous document, contrived by party leaderships, which does not fit the real situation in the country and avoids the main issue: to acknowledge the existence, enforcement, and validity of the current Constitution, the juridical expression of the 1973 nationalist revolution.

/Question/ What does the National Vanguard propose for the institutional future?

/Answer/ The fulfillment of the objectives and deadlines provided for in the 1980 Constitution that was sovereignly and unanimously approved by the great majority of Chilean citizens, through the objective participation of the middle class organizations, which will be possible through the promulgation of laws establishing the mechanisms for participation outside political parties.

/Question/ What does the National Vanguard think about violence?

/Answer/ It seems almost meaningless to talk about peace, order, tranquillity, appeasement of the spirits, and unity among those who live in a nation seeking a better future, in a world where violence has become queen. But the truth is that violence makes these apparently simple things appear utopian in our days.

The National Vanguard does not desire violence, just as it does not desire hatred among the Chileans, or poverty, or the imposition of any totalitarian doctrine, which is what is concealed under the violence now being defended by some spiritual organizations that justify it as a natural reaction to the authority that tries to impose the necessary order and peace for national coexistence.

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CSO: 3348/222

CHILE

BRIEFS

AD COMMUNIQUE ON RALLY--A press conference of the Executive Committee of the Democratic Alliance /AD/ has just concluded. The following are portions of a communique released during the press conference: The AD wishes to convey its great satisfaction at the extraordinary success of the civic rally "Chile Demands Democracy," at the unquestionably peaceful nature of the rally, and at the maturity shown by the people. These are sound proofs that the Chilean people are prepared to live in democracy. The AD is not at all interested in entering into any argument over figures given by some communications media on the turnout. Who would pay attention to the ridiculous figure given by the government television station, which has thus added another lie to the flurry of lies it has been spreading daily throughout the nation? The truth is that no one can dispute the fact that this was the largest rally ever staged in Chile, says the AD in point 2 of its communique. Point 5 of the communique adds: We want to convey our gratitude to all those who helped organize the rally: to the youth groups of the various opposition parties charged with preserving security and order in the park, to the entertainers who generously responded to our call, to the volunteer workers who set up the stage and the speakers, to those social organizations that sponsored the rally, and of course, to all those Chileans who had to make a great effort and sacrifice to attend the rally. /Text/  
/Santiago Radio Chilena in Spanish 1600 GMT 22 Nov 85 PY/ 12228

CSO: 3348/222

COSTA RICA

# PPC STATEMENT FAULTS PVP FOR OBSTRUCTING UNITY TALKS

San Jose LIBERTAD in Spanish 19-25 Sep 85 p 3

[Text] At the initiative of a group of leaders with strong democratic records in the country's political and social life, representing various leftist democratic parties, we have held a series of talks in recent weeks for the purpose of achieving understandings that will enable us to strive together to benefit our people and our fatherland.

The objective of these conversations was not to stage a publicity stunt, but precisely to avoid such a thing so that a serious, patient, respectful and constructive dialogue could take place, thus allowing the progressive political forces of our society to unite for action. For this reason, all the political parties represented decided it would be best to be discreet about publicizing the talks. An agreement was reached along these lines by all the parties, in order to avoid the manipulative posturing that has doomed past efforts at dialogue as a given party tried to give the impression of being the sole spokesman, to the detriment of other participants. On this occasion, the delegate and secretary general of the Popular Vanguard Party (PVP) was the most ardent defender of the idea of maintaining discretion in providing information about these talks to the public, and seeking a consensus.

Unfortunately, the PVP did not honor the agreement. It should be made clear that no attempt was made to keep anything secret. Our party has provided the necessary information to its members while remaining faithful to the agreed-upon public conduct for the purpose of creating an atmosphere that would enable the dialogue to proceed without the devastating stigma of "winners and losers" for publicity purposes. In any case, the true desire of a political party and its leaders to unite with others cannot be measured by words or documents, but rather by specific political practices. The fact is that the PVP last week published in its party organ a public declaration in which it unjustifiably and irresponsibly accuses our party, the Costa Rican Socialist Party, the New Republic Movement and the Democratic Radical Party of hampering unity. The document also makes an artificial effort to portray the PVP as the champion of unity, something for which it apparently has no understanding or appreciation. Moreover, it is actually thwarting and hindering such unity by resorting to methods that contradict the sense of loyalty and responsibility that should characterize such talks.



The Costa Rican People's Party believes, nonetheless, that this first round of conversations has been positive. It has made possible a more accurate assessment of the political differences that exist, as well as the real possibilities for joining efforts in very important struggles to defend peace and sovereignty and the living and working conditions of our people. The dialogue should continue among the parties and leaders of the democratic left, although it may no longer be possible to do so for electoral purposes. Specific agreements must be reached to enable us successfully to face the threats to our people and our fatherland. Our party believes that this is not a sports competition to win a contest, but rather a matter of laying down the rules for respectful and constructive relations. Without overlooking the inevitable and necessary confrontation of ideas and political practices, such relations must primarily accent cooperation, so that the manipulations of the imperialists and the reactionaries can be confronted. We should not unite just for the sake of uniting; unity cannot be conceived as an end in itself, but as a necessary tool for promoting a just policy.

The Costa Rican People's Party, following a policy set forth in all its official documents and constantly put into practice in its political actions, advocates building the broadest possible unity against the principal enemy: the imperialists and their closest allies. The fact that this unity apparently is not yet manifested in a single electoral front should not be an insurmountable obstacle for waging a common struggle for peace, sovereignty, democracy and the well-being of the people. Slander, gratuitous mud-slinging by other forces, disloyalty, hegemonistic designs, and other vices that have done so much damage in the past, should all be eliminated so that we can regain mutual confidence and have a real chance of combining the efforts of all those who want to save Costa Rica from occupation, humiliation and misery, so that we can move toward building a sovereign and just fatherland.

Political Commission of the Costa Rican People's Party

8926

CSO: 3248/49

CUBA

GARCIA'S U.N. REMARKS ON DEBT CALLED 'CUNNING ATTACK'

Havana GRANMA in Spanish 26 Sep 85 p 8

[Specially-boxed, unsigned article: "Peruvian President's Veiled and Cunning Attack on Cuba"]

[Text] In his appearance before the United Nations, Peruvian President Alan Garcia gave a speech in which he tried to put on a great spectacle. After stating a few hackneyed truisms about the International Monetary Fund (IMF) and repeating his insipid, reformist formula for paying 10 percent of exports (which would perpetuate the debt and vitiate the moral arguments on which the legitimate repudiation or non-payment of the debt can be based), he launched a veiled and cunning attack on Cuba. We reprint that statement here, using as our source the news agency EFE:

"We do not adopt spectacular positions, urging default while paying one side of the world punctually and paying a huge debt to the other side of the world with strategic sovereignty; this explains why the latter side does not demand payment more urgently."

Cuba's foreign minister, Comrade Isidoro Malmierca, responded to this vile calumny in full measure in his U.N. speech yesterday. We are publishing the full text of that speech in this issue.

[See FBIS Latin America DAILY REPORT 26, 27, Sep. and 3, 4 Oct. 85 for Malmierca's remarks on the foreign debt]

8926

CSO: 3248/36

CUBA

REPORT ON PERUVIAN GRATITUDE FOR SOLIDARITY ON DEBT ISSUE

PA211816 Havana International Service in Quechua 2200 GMT 8 Nov 85

[Text] Peruvian Interior Minister [as heard] Luis Alva Castro described as important Cuba's condemnation of the U.S. Government's decision to declare Peru's foreign debt as value-impaired.

The APRA [American Revolutionary Popular Alliance] directorate sent a note to the Cuban Government and people praising their courage for condemning the U.S. Government's action and thanking them for their noble solidarity with the decision of the Alan Garcia administration.

Jose Luis Alvarado, deputy of the United Left Coalition, said that the Cuban attitude does not come as a surprise, because the Cuban Government and people are always ready to help Latin American countries striving to defend their sovereignty.

Felipe [last name indistinct], senator of the Rightist Popular Party [Partido Popular Derechista], concurred with Alvarado and added that Cuban solidarity is very important at this point.

Several newspapers published in Lima carried the note in which Cuba condemns the U.S. declaration of the nation's foreign debt as value-impaired.

Peruvian Foreign Minister Alan Wagner sent a message to his Cuban counterpart thanking him for the solidarity of the Cuban people. A portion of the note reads: The decision of the Alan Garcia administration is the decision of all the Peruvian people; thanks to it, the development of a nation has not been impaired.

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CSO: 3248/93

CUBA

CONDOLENCE MESSAGE FROM RAUL CASTRO ON SOVIET GENERAL'S DEATH

Havana VERDE OLIVO in Spanish 26 Sep 85 p 11

[Text] Marshal of the Soviet Union Sokolov S. L., Minister of Defense of the Union of Soviet Socialist Republics.

Dear Comrade Marshal of the Soviet Union:

It was with great sorrow that we heard the painful news of the death of Army General Epishev A. A., and for this reason I convey to you, and through you to all Soviet soldiers, our most heartfelt grief at the irreparable loss to the Party, the people and the Armed Forces of the USSR.

Comrade Epishev devoted much of his life to political and party work, and was true to the principles of Marxism-Leninism and an indefatigable fighter for peace.

Esteemed Comrade Minister, please convey our heartfelt condolences to the family and closest associates of Comrade Epishev.

Fraternally yours,

Raul Castro Ruz, General of the Army  
Havana, 16 September 1985

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CSO: 3248/36

CUBA

## REITERATION OF SUPPORT FOR, SOLIDARITY WITH AFGHANISTAN

Havana GRANMA in Spanish 23 Sep 85 p 5

[Commentary by Arnaldo Musa]

[Text] Throughout the years, the friendship and combative solidarity that bind the Cuban and Afghan peoples have been strengthened and expanded considerably on the basis of their cooperation and mutual support in the face of the problems and external threats they have had to contend with.

This is why, despite the geographical distance that separates them, Afghans and Cubans are united by the common objectives and purposes of their struggle. Today, after 10 years of diplomatic relations, which reached their highest point after the Revolution of April 1978, these two nations are closer than ever.

Cuba supports the Afghan Revolution and hails the successes that this brother nation has been achieving in the face of the counterrevolutionary elements sent from abroad. Cuba also lauds the process of revolutionary consolidation and internal stabilization that is taking place under the leadership of the People's Democratic Party of Afghanistan and its secretary general, Babrak Karmal.

In various international forums, Cuba has supported proposals submitted by Afghanistan with a view to finding peaceful solutions to the problems that have arisen among the countries of that region, and has denounced the interference and aggression to which Afghanistan has been subjected and which have led to an undeclared war against its people.

Afghanistan, in turn, has praised the Cuban people's success in building a socialist economy, reinforcing national defense, and attaining sociocultural development, under the leadership of the Communist Party, despite the continual threats and hostile actions by the American imperialists.

In the Party sphere, an extensive exchange of views has taken place with respect to the international situation and the experiences the two entities have had in leading and bolstering their respective revolutions.

During these years of diplomatic relations, the two countries have contributed to the struggle to achieve detente and to the strengthening of peace and international security.

Afghanistan values Cuba's internationalist policy and its aid to the people who are struggling for their full sovereignty and independence, the liberation movements.

And today, Cuba and Afghanistan continue to come out in favor of the just struggle of the peoples of Asia, Africa and Latin America against imperialism, colonialism, neocolonialism, racism, Apartheid, Zionism, hegemony, and reactionary attitudes in general. They support these peoples' struggle for peace and security and social progress, their battle against underdevelopment, and their efforts to reorganize international economic relations on the basis of egalitarian, just and democratic principles.

Cuba and Afghanistan, both revolutionary and non-aligned countries, are soldiers sharing the same trench.

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CSO: 3248/36

CUBA

BRIEFS

HURRICAN DAMAGES SANCTI SPIRITUS CANE--Joaquin Bernal Camero, first secretary of the party in Sancti Spiritus, has called for the repair of all material damage caused by hurricane Kate in the shortest time possible during a meeting held on measures to be taken to correct the damage caused by the hurricane. At the meeting, it was reported that 298 homes were totally destroyed and 7,906 were damaged. According to preliminary data nearly 7,300 caballerias of cane, or 90 percent of all canefields in the province, have been blown over. This will have a significant effect on production per caballeria, on canecutter productivity, and on the sugar yield of the processed cane. The agricultural delegation reported that 104 caballerias of banana and 131 caballerias of rice were affected. [Excerpt] [Havana Radio Reloj Network in Spanish 2019 GMT 21 Nov 85 FL] /6662

PCC DELEGATION AT JAPANESE CONGRESS--A PCC delegation headed by alternate Politburo member Jesus Montane Oropesa today arrived in Tokyo to participate in the 16th congress of the Japan Communist Party. The Communist Cuban delegation was received at (Narita) airport by a welcoming committee from the Japan Communist Party Presidium. [Text] [Havana Domestic Service in Spanish 0000 GMT 16 Nov 85 FL] /6662

CSO: 3248/93



GUATEMALA

BRIEFS

AMBASSADOR TO SWITZERLAND RESIGNS--The Foreign Ministry has reported that Carlos Moreira Lopez, Guatemala's ambassador in Geneva, Switzerland, has resigned. [Summary] [Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 25 Nov 85 PA] /9738

CSO: 3248/106

JAMAICA

## CONSUMERS GROUP HITS GOVERNMENT OVER PRICE HIKES

Kingston THE DAILY GLEANER in English 23 Oct 85 pp 1, 3

[Text]

The National Consumers' League (NCL) yesterday said the Jamaican consumer has had enough and warned that it would urge boycott of selected items if government policies were not changed.

At the press conference at the Wyndham Hotel, New Kingston, president of the NCL, Miss Doreen Kirkcaldy, said:

"As we see it, present Government policies reflect a disregard for the basic economic needs of the Jamaican people. Specifically, there is disregard for human welfare, the most objective yardstick of economic policy. We feel the Jamaican consumers have had enough. We can no longer stand by idly and allow the Government to renege on its commitment to the Jamaican people, and its almost scant regard of its responsibility to manage the economy, so that all can live."

She said in 1980 they were told by Government there would be "a continued assessment of prices with the imposition of price controls on key items." This she said, had obviously not been done. Further, the country had been told as recently as June 1985 there would be no further taxation for the financial year 1985/86.

Recent reports indicated that this promise too, was to be conveniently forgotten, Miss Kirkcaldy said.

These two commitments had far reaching effects on the lives of Jamaicans — on their food, health and style of life.

She said the price of basic food items must be stabilised and the NCL was suggesting that this could be done by (a) isolating basic food

prices from the galloping devaluation system caused by the foreign exchange auction, or (b) by maintaining price controls for these items with subsidies and exemption from sales tax where possible.

Miss Kirkcaldy said the Government must be commended for the Food Aid Programme, but as it stood it was inadequate to meet the needs of the people, and including bread on the programme as was suggested, was not the answer she said.

According to Mrs. Kirkcaldy the programme dealt with the case of the worst hit persons. She asked however: "would it not be better to subsidize prices and keep down inflation rather than giving a handout?"

Miss Kirkcaldy also said the cost of electricity must be stabilised through cross-subsidisation in pricing, so as to ensure the lowest price for a minimum household requirement.

She said there was a situation existing where there was a largely non-communicative Government on one side, and a hurt, bewildered and confused public on the other.

"We of the NCL believe that in the interest of our country and for the majority of our people, this situation cannot be allowed to continue." She said the NCL therefore planned four public forums to deal with the issues identified as of greatest consumer concern, and which had brought great hardship on the people.

The first forum was planned for next week Thursday evening, October 31.

It would deal with the increase in the price of flour and the related price hike in bread and other baked goods.

The second would deal with drugs and pharmaceuticals. The venues and times for the forums

would be announced in good time, the NCL president said.

On the question of consumer resistance Mrs. Kirkcaldy said the NCL had advocated this in recent years and there had been some success in resistance to chicken price increases.

Mrs. Kirkcaldy gave some examples of price increases from 1980 to present: milk powder moving from 50 cents per pound to \$2.53; counter flour from 35 cents to \$1.16; rice from 59 cents to \$1.82; cornmeal from 25 cents to 82 cents; bread from 74 cents to \$3.85 per 2-lb loaf; sardines from 55 cents to \$2.18; chicken from \$1.60 per pound to \$4.95; Nestle milk from 95 cents to \$2.70; Milo from \$3.21 to \$8.25; and pig's tail from \$2 per pound to \$10.

She described these increases as "savage and relentless."

/12851

CSO: 3298/148

JAMAICA

MANLEY, PNP TAKE ISSUE WITH SEAGA POLICIES

IMP-Test Failure

Kingston THE DAILY GLEANER in English 23 Oct 85 p 1

[Text]

A report quoting Prime Minister Edward Seaga as saying that Jamaica has fallen out of compliance with the terms of the present International Monetary Fund's standby loan, has led the People's National Party to claim that Jamaica has failed another of the Fund's quarterly tests.

Mr. Seaga was quoted in a Reuter report out of New York, printed in the *Financial Times* of London last week, as stating that: "There has been some slippage on the import side... it could be a problem." Talks between both sides were continuing, he added.

According to the PNP's chairman, Mr. P.J. Patterson, in a statement yesterday, the consequences of the September failure of the IMF test meant that the present programme was in limbo, and no one knew when and under what conditions the next tranche would become available.

He said that Mr. Seaga, in giving the information to the news media in New York, as he did in Vienna

earlier on another IMF test failure, had coined yet another euphemism to describe "his sixth consecutive" failure in less than three years.

Jamaica could not afford the shame of having a Minister of Finance who would not tell the people the truth and nothing but the truth, he said. What was worse for Jamaica was Mr. Seaga's stubborn refusal to change the basic elements of his economic strategy which had proved to be unworkable and which inflicted its author as the most outstanding failure among those who held this portfolio, he said.

Mr. Patterson said that the Seaga policies were being "imposed" on the Jamaican people without their sanction.

Mr. Patterson said that he was demanding an immediate change of course in Seaga's economic direction. Unless this was done there would be further increase in prices, interest and mortgage rates, lay-offs and a hefty tax package at the end of the current financial year.

Protest of Exchange Auction

Kingston THE DAILY GLEANER in English 26 Oct 85 p 3

[Text]

ST ANN'S BAY, St. Ann, Oct. 25 (From our correspondent)

PNP LEADER MR. MICHAEL MANLEY told a meeting of the party's 'Peoples Forum' yesterday that it would launch a "vigil approach" next week Thursday toward seeking an end to the present foreign exchange auction system.

According to Mr. Manley, October 30 will mark the end of the five-year period constitutionally granted to the present JLP government to stay in office. He said this occasion would be marked with a public meeting in Half Way Tree square, where he would make a major address.

He said that in keeping with the law this meeting would end at 12 midnight, after which party executives and trade union leaders would be invited to spend the remainder of the night with him in Half Way Tree as a form of protest.

Mr. Manley said that at the dawn of October 31, which is also a day when a foreign exchange auction will be conducted, party members would walk to the Bank of Jamaica where they would re-assemble and demand that the auction system be discontinued.

"This will be a peaceful, legal and constitutional protest," Mr. Manley said. "I invite you all to this protest and if I am to go alone I will, because this madness must stop," he said.

Mr. Manley who was addressing the Forum at the Americana Hotel in Ocho Rios added: "We are heading for deeper trouble than ever because of the madness of the government's economic policy. Six dollars forty is the price for one US dollar today; what will it be next Tuesday? This madness definitely has to be stopped."

He described the policy of the present government as one which is wrecking economic opportunities and creating panic in the private sector and he called on the government to resign.

The PNP President said that it was best for the people of this country to study the document on the PNP's

alternatives so that all will understand this policy because the country could not move forward until the people are willing to assist.

On electoral matters, Mr. Manley said that in an effort to avoid a delay in the re-appointment of the Electoral Advisory Committee whose term of office will soon expire, he had already written to the Governor General informing him that the party has re-appointed Paul Robertson and Portia Simpson as their representatives on this committee.

Mr. Manley said the outcome of the recent Commonwealth Heads of Government Summit in Nassau was seen by the party as a great disappointment to the struggles of the peoples of South Africa. He recalled that it was a government headed by his late father that was first to impose sanctions against South Africa and also that between 1972-1980 his own government supported liberation struggles in South Africa and Namibia.

He expressed disappointment that the leaders in Nassau were unable to persuade one government (Britain) to impose sanctions against South Africa. He said he hoped however that all the other leaders who are supportive of the sanctions would bypass this one government and move towards meaningful decisions.

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CSO: 3298/148

JAMAICA

BYSTANDERS ALLEGEDLY SHOT FROM SEAGA MOTORCADE

Kingston THE DAILY GLEANER in English 25 Oct 85 p 3

[Text]

Two persons were on Wednesday evening reportedly shot from a motorcade along Windward Road and East Queen Street.

The motorcade formed part of a welcoming party for Prime Minister Edward Seaga who arrived at the Norman Manley International Airport.

According to a report from the Police Information Centre yesterday, the two persons were shot along Windward Road and East Queen Street. They are: Winston Campbell of Potters Row and Barbara Taylor of Rum Lane.

The PIC said that the victims reported that they were shot while the motorcade was passing. Reports were made to the Central Police Station and the Eastern Kingston C.I.B., the PIC said.

And the People's National Party's spokesman on National Security, Mr. K.D. Knight, condemned the shooting of "innocent bystanders" by persons whom he said were travelling on buses in the welcoming party for the Prime Minister.

Mr. Knight said that "early intel-

ligence reports" reaching the Party suggested that several people were shot when "gunmen travelling in the Prime Minister's convoy from the airport began firing shots without cause" along the Windward Road in Eastern Kingston.

He said that at least three persons were taken to the Kingston Public Hospital with gunshot wounds received in the incident.

Mr. Knight added that so brazen and bold were these gunmen that some of the shots were fired "immediately before the Central Police station", injuring a woman who was a patron in a restaurant opposite the station.

All this happened, Mr. Knight said, inspite of the fact that in the convoy were members of the Prime Minister's security as well as a large contingent of Police from Harman Barracks. He questioned how it was that these gunmen were able time and time again to display such arrogance and open contempt for the law.

Mr. Seaga must publicly condemn those of his supporters responsible for this latest episode of "urban terrorism," Mr. Knight said.

/12851  
CSO: 3298/148

JAMAICA

## TRADE TIES STRESSED WITH NEW ENVOYS FROM ALGERIA, EGYPT

### Algerian Ambassador

Kingston THE DAILY GLEANER in English 26 Oct 85 p 28

[Text]

The Rt. Hon. Hugh Shearer, Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade, has proposed that Jamaica and Algeria examine opportunities for expanding trade between both countries including counter-trade and joint venture arrangements that are economically viable.

Making this proposal to Algerian Ambassador Designate to Jamaica, Mr. Mohamed Sahnoun, at the Ministry of Foreign Affairs on October 9, Mr. Shearer said that the exchange of information on the exports and imports of each country would serve to promote trade in the spirit of South-South co-operation. He said that most developing countries do now know where they can find the raw materials they need in the Third World, and criticised the non-implementation of the numerous decisions adopted on

the exchange of information and establishment of a Data Bank.

Ambassador Sahnoun identified some of the areas in which Algeria is interested in trading and co-operation with Jamaica, and said that a Trade Mission may be sent to the Caribbean at a later date.

He also proposed that both countries could exchange views before international conferences, to allow for a better understanding of their respective positions. The crises in Northern Africa were also discussed.

The Ambassador also had discussions with the Permanent Secretary, Mr. Frank Francis; Director of Economics Division, Mr. Arther Thompson; Director of Foreign Trade Division, Mr. T. Stimpson; Director of Personnel Division, Mrs. Pauline Lindo; and Deputy Director of Political Division, Miss F. Coyer.

### Egyptian Envoy

Kingston THE DAILY GLEANER in English 28 Oct 85 p 2

[Text]

Jamaica is very much interested in pursuing opportunities to increase direct trade, with possibilities for counter-trading, for the benefit of both countries.

This was stated by Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade, Rt. Hon. Hugh Shearer, as he received the new Ambassador of Egypt, H.E. Ibrahim El Soukkary Alhessy at the Ministry of Foreign Affairs recently.

A number of items originating in developing countries but bought from developed countries, could be obtained directly from developing coun-



tries, he said. This would benefit the developing countries by giving a better price to the exporting country while making them cheaper for us.

He said furthermore that Jamaica was interested in examining possibilities for joint-venture operations with Egypt, which could also benefit from Jamaica's duty free access to international markets through trade agreements with preferential tariff arrangements in which Jamaica participates with other countries.

Up to 1984, Jamaica exported alumina, pimento, cigars, rum and tobacco, among other items, to Egypt and imported from them plywood and assorted items.

Ambassador Alhessy indicated that his Government was interested in expanding trade relations with Jamaica and he would be briefing his Government on the areas of co-operation in which Jamaica is interested. He expressed his country's appreciation of Jamaica's support to Egypt bilaterally and in the international forums.

Turning to the issue of the Middle East crisis, Mr. Shearer expressed Jamaica's deep concern about the continued hostilities in the region and reaffirmed Jamaica's view that the problems cannot be satisfactorily solved unless the Palestinian problem is dealt with. In this regard, he commended Egyptian President Mubarak for his role in seeking peace for that region.

/12851

CSO: 3298/149

JAMAICA

## TEXT OF PNP STATEMENT ON SOCIOECONOMIC POLICY

Kingston THE DAILY GLEANER in English 25 Oct 85 Supplement Strategy for Development: A PNP Statement pp 1-16

### [Text] INTRODUCTION AND OVERVIEW

**T**HIS DOCUMENT represents a summary statement of various reports by the different Sectoral Task Forces which have been involved in preparing the Socio-economic Policy which will guide the operations of the next PNP Administration. Placed within its historical context, this report has grown out of the initial policy documents presented to a Special Delegates Conference in May 1984, which was subsequently amplified and revised, and presented to NEC and Annual Conference in September 1984.

At the 1984 Annual Conference, the majority of the reports of the Task Forces were accepted, but further work was requested in certain areas, and this document is a synthesis of the work previously presented and the new work carried out subsequently.

Philosophically, the document reflects our fundamental commitment to Democratic Socialism, as enunciated in the Principles and Objectives of this Party, and which we believe represents a sound basis for action. However, more than just an expression of philosophical commitment, this Document reflects a careful

analysis of the structures of the world economy and of the local society, in order to closely determine the extent of the possibilities for transformation which exist, and in order to determine also the limits to these possibilities.

We are convinced that what emerges is a supremely practical plan which offers a sound basis -- indeed, the only basis -- for motivating the broadest sectors of Jamaican society for the immense tasks of social transformation and development which confront the country.

It is also of importance that the Document be seen as one which is flexible, and hence subject to change and modification. The Party's internal discussion of issues as well as its dialogue with interest groups combine to almost guarantee changes in ideas and viewpoints over time. This willingness to incorporate new thoughts and approaches is a complement to the discipline of continuing study and analysis.

## 2: THE SOCIO-ECONOMIC CRISIS AND PRIORITIES

### Nature of the Crisis:

Jamaica is today confronted by severe and comprehensive crisis affecting all areas of the nation's life, reflected in the stagnant or declining levels of production, continued and growing shortage of foreign exchange, the mounting national debt and massive and increasing unemployment. Socially, there is mounting evidence of the hopelessness created by the spread of poverty and crime, and is

evident in the increase in drugs and violence. Moreover, precisely at the time when the need is greatest budgetary cut-backs, callous neglect have decimated all the basic social services, but in particular, education and health.

There has also been a neglect of physical infrastructure such as roads and bridges, and a virtual abandonment of Government's housing programmes.

In summary, it is no exaggeration to state simply that the variety and extent of the crisis which threaten all aspects of Jamaica's socio-economic existence are unprecedented in our modern history.

## ● PRIORITIES

Faced with this stark reality, a major task is to identify those areas of crisis which will be identified as priorities. The following represent the areas which a future PNP Administration will accord the highest priority.

1. The expansion of production in all sectors, but especially for exports.
2. The earning and conservation of foreign exchange.
3. Expansion of employment opportunities, especially for the young unemployed.
4. The implementation of a National Nutritional Programme geared at guaranteeing minimum nutritional levels to all members of the population, and...
5. The restoration of the major social services, in particular, education and health.

In order to attain specific objectives related to the priorities listed above, it will require the use of a range of policy instruments involving sectors which have not been specifically identified as priorities. Hence, the fact that some sectors have not been listed as priorities does not imply a neglect that some sectors have not been listed as priorities does not imply a neglect of those not mentioned; rather it indicates that which will have first choice in the allocation of scarce resources.

Since its electoral setback in October 1980, the PNP has spent innumerable hours in reviewing the socio-economic problems faced by Jamaica. In fact, it would be fair to say that in terms of the effort expended by the Party to increase the awareness of both rank and file and leadership of the exact nature of the issues to be tackled on assumption of State Power, such as level of preparation has been unprecedented in the history of Jamaica's political affairs.

Perhaps the most critical lesson that the study and analysis have taught us is that no real progress can be made unless the Party which holds state power is able to enlist the participation of the majority of the people, not just Party members and supporters, in the effort to effect change. It is to this question that we now turn.

## 3: PARTICIPATORY APPROACH TO PLANNING AND DEVELOPMENT

The Central task confronting the Jamaican people at present is that of restoring an economic structure that has been destroyed by dogmatic, monetarist policies of the Seaga regime. There is urgent need therefore to restore industrial production, to revive agriculture, and to re-establish hope among the tens of thousands who have become unemployed in the Seaga years.

Equally however, it is important to remember that the task of economic restoration cannot be separated from the wider tasks of social transformation envisioned by the Founding Fathers of this nation. The revival of production and employment which we seek, is aimed ultimately at creating a society which is equitable in its distribution of its benefits and profoundly democratic and co-operative in its structure and outlook. The essential element in this transformation is the establishment and consolidation of structures and mechanisms of popular participation, which afford the average citizen the opportu-

nity to contribute to and to exercise control over the the various aspects of policy which affect them.

Our commitment to the participatory approach to planning, is more than a simple philosophical aim, as desirable as this is. Indeed, in the context of severely restricted budgetary allocation and of a debilitated social and productive infra-structure, the mobilization of our human resources offer the only hope for social and economic reconstruction. Communities which contain within them a wide range of skill, possesses the potential to maintain and restore the schools, hospitals, clinics, roads and community centres, etc., in areas where government budgetary supports are clearly inadequate.

Looked at from another angle, workers and management will have to develop the commitment and trust to advance the productivity so necessary for our economic survival. And Government and the productive sector as a whole will need to be able to marshall the wisdom and experience of the worker on the shop-floor, the farmer in the field, the teachers, small businessmen etc., and to channel this into a broadly based planning process, capable of responding to the needs of the whole society. If nothing else the confusion of the past five (5) years of JLP rule have proven that the days of one-man rule and of one-man decisions handed down from on high, have no place in Jamaica's future.

The implementation of the participatory approach requires that adequate structures be set in place. Accordingly economic planning will not be undertaken by Government alone, in isolation, but will include the participation of major social interest groups; of producers, trade unions, farmers etc., who will be brought together in a National Advisory Council which will form the apex of the Planning system.

Other essential elements in this model, include the establishment of community councils in which all persons regardless of religious or political persuasions can feel welcome to become involved, and which will ultimately have to contribute to the resuscitation of our social infrastructures of schools, clinics etc.

At the work-place a carefully considered system of individual democracy, will have to be implemented if we are to develop the trust between workers and management which is so essential to reviving production in this country.

Alongside all this will be an effort to give maximum encouragement to small, and community-based enterprises, as a means of mobilising production through co-operative effort, and of extending the base of ownership and the distribution of benefits within the society.

## MACRO Economic Overview

### INTRODUCTION

**THE ESSENCE OF THE MACRO-ECONOMIC PROBLEM** which will face a new PNP Administration is how to revive and maintain growth in the existing productive sectors and initiate new investments, whilst at the same time, operating within the context of limited foreign exchange resources and fiscal options. Within these constraints, a PNP Administration will address the chronic unemployment problem, particularly amongst youth, as well as restore the social services in general but education in particular.

### BALANCE OF PAYMENTS POLICY

In the balance of Payments Policy, a PNP Administration will begin:

- (a) With an examination of existing conditionality under any IMF Agreement in force at the time of accession to office.

- (b) The relationship between such an agreement and existing debt rescheduling arrangements.
- (c) The minimum foreign exchange requirements necessary to the Party's plan of economic revival and exchange.
- (d) Possible new sources of foreign exchange support.
- (e) The possible effect of foreign exchange inflows of short term increments in export earnings consequent upon new market possibilities.

In the light of the foregoing, the Administration would consider the strategic, social and economic objectives which it has been mandated by the people to pursue. It would seek to achieve the most advantageous balance between those strategic social and economic objectives and the foreign exchange regime necessary to support them.

In the course of the many discussions, negotiations and investigations which will be necessary in the pursuit of that advantageous balance, the Administration would pursue an open policy in which it would share with the membership of its own Party and with the public at large and with the leadership of the relevant institutions, private and public, and the trade unions, all relevant information having a bearing on what balance in the regime would best preserve and advance the interest of the Jamaican people.

In addition to savings on outflows resulting from rescheduling/refinancing, there is the urgent need to increase actual inflows from existing traditional sectors, as well as new non-traditional sources. As regards existing traditional sources, the major possibility lies in restoring bauxite production to the level of eight to ten million tonnes per annum. The attainment of this level of output would mean securing additional markets, such as in the centrally-planned economies of Eastern Europe, where the greatest potential exists. It is most likely that in return for securing a major contract from such sources there will be a need to increase import levels from these countries. This will imply, in certain instances, a diversification of our pattern of trade.

Apart from an initiative as well as restoring bauxite production, the PNP must make as a priority objective the restoration of production of traditional crops at least to the level of where existing guaranteed quotas can be filled. In particular, targets should be set to restore sugar and banana output to levels of 300,000 and 100,000 tonnes, respectively, in the first three years of a new Government.

As regards boosting earnings in non-traditional exports, three points should be made. In the first place, there can be little added justification for further devaluations aimed at facilitating additional exports. The data on growth in non-traditional exports which has followed the exchange rate policy initiated in November 1983, confirms the theoretical analysis which argues that additional devaluations will have little or no impact on additional foreign exchange inflows.

Secondly, one reason for the slow or negative growth in export earnings from non-traditionals is the virtual abandonment of CARICOM. We fundamentally oppose the policy of deliberate neglect of CARICOM for hoped-for third country markets. The fact is that the earnings from these markets have not begun to approach the losses from CARICOM. In fact, the manner

in which we have treated our CARICOM partners in trade has resulted in an overall decline in the state of our relationship with them in other areas, thus reducing chances of any further regional economic co-operation. The PNP dismisses the JLP's attempt to project protection of domestic markets as being opposed to expansion of third country exports.

Similarly they have tried to suggest that our exporters have an either/or choice between CARICOM and third country markets. The PNP's policy is that it is possible to carry out all three policies. In fact, the set of policies developed when we were last in office was aimed at achieving all three. There were setbacks, we admit, but the policies were in place and could have worked, given time.

The growing possibilities for South/South trade will be vigorously explored to diversify export markets and import sources, as well as to promote joint ventures and commodity agreements.

The Party's policy on foreign exchange management has been spelt out on several occasions. Essentially, it calls for a fixed exchange rate with periodic reviews aimed at attaining the primary objectives of increasing our net foreign reserve position through greater earnings and savings. It must be pointed out once again that the PNP as government, long recognised the long-term danger of our worsening balance of payments problem and over eight years ago began to put in place a comprehensive set of policies aimed at managing our meagre resources.

Fairly successful efforts were made by the past Government to design and manage a realistic foreign exchange budget which recognised and reconciled the trends and pattern of these earnings and expenditures. These efforts were irresponsibly discarded by the present Government and all systems which sought to realistically manage our affairs in this regard, carelessly dismantled. The economy, therefore, now suffers from the most serious foreign exchange crisis ever to be experienced in Jamaica. It must be noted in passing that more and more sectors are finally appreciating the negative effects of the misguided exchange rate policy of which the PNP long warned.

● To address this crisis, the Government has been, as in the other cases of economic policy, pursuing a mix of *ad hoc* and non-coherent strategies. These include, massive devaluations through a "so-called" floating exchange rate policy; experimenting with production strategies which seek to expand non-traditional agricultural exports (e.g. winter vegetables) and also to reduce imports of staples (e.g. large-scale production of corn, soya and rice) and, widescale foreign borrowings.

None of these strategies has been sufficiently effective to deal with the problems. In this regard the impotence and incapability of the Government in bringing the necessary political and technical skills to address this critical situation are evident. The exchange rate policy represents a central issue in this regard.

● In all countries where the decision is taken to adjust the exchange rate there are always clearly defined and documented consequences (positive and negative). These are communicated to the community at large so that planning and decision-making can take place in an environment of stability and with full knowledge of the immediate future. The Government



has arrogantly dismissed such an approach and has relegated a policy issue as important as exchange rate determination, to a handful of traders and other persons "unknown". As our dollar slides downwards without any obvious benefits demonstrated from increased exports capacity, reduced imports and increased foreign earnings, the outlook is one of hopelessness for most in the society.

In this regard also, a PNP Administration will, as a matter of priority, examine the nature of our foreign liabilities and also, our capability to more effectively tap foreign resources. For example, a full examination of the foreign debt structure will be undertaken in order to negotiate meaningful restructuring.

Instruments will be put in place to induce Jamaican nationals overseas to invest their savings in domestic financial institutions.

## ***THE FISCAL BUDGET***

The Government represents the most dominant economic entity in the society. The budget of the Government therefore impacts on the life of every citizen. It is for this reason that a deep sense of responsibility and a clarity of purpose must always serve to guide the development and implementation of this critically important aspect of public policy.

In recent years, the fiscal budget of the Government has ceased to serve as an instrument which enhances and guides the socio-economic well-being of the nation. Rather, it has degenerated to a disjointed composite of expenditure announcements matching a similarly incongruous unco-ordinated and quite often, uncollectable tax packages. No one (including Ministers of Government) is certain as to what the true budget of the Government is at any point in time.

A new PNP Administration must, as a matter of national priority, return substance and purpose to the fiscal budget of Government. In this regard, the following goals will be defined:

1. Implementation of a structured and timely budget cycle within the framework of the financial year, thereby avoiding intermittent expenditure and revenue proposals (that is, several mini-budgets) falling outside of the established cycle.
2. Establishment of a just and equitable taxation system, particularly with respect to income taxes.
3. The design of a programme which reflects the obligation of Government to relentlessly pursue the social and economic advance of the people served rather than one which only seeks to create false impressions through a process of balancing accounts.
4. Return the responsibility for the designing, development and management of the Government's fiscal programme to Jamaican professionals and technocrats, thus reducing reliance on expatriates who are distant from our problems of this critically important role, assigned by a Government contemptuous of Jamaican expertise.
5. To ensure that fiscal policy benefits from the experience and intellectual contributions of the various organisations and individuals wishing to



participate and further, to establish a clearly defined and stable environment for planning and decision-making by private sector businesses and households.

In order to effectively manage the resources available to Government, the design of the budgets will consist of three-year or tri-annual profiles. This will provide a longer term view of the direction being taken thereby facilitating planning at all levels. Each year the programme for the ensuing year will be re-evaluated within the budget cycle. This approach to fiscal management will represent an integral part of overall socio-economic planning.

## THE EXPENDITURE PROGRAMME

A recurrent expenditure programme developed within the revenue generating capacity of the economy will represent the basis on which the ongoing overhead responsibilities of government will be managed. Nonetheless, being mindful of the urgent need to reverse the current deterioration in such areas as education and health, the profile of the recurrent budget will have to be structured to accommodate such areas of priority. In this regard also, the Government of the PNP will continue to pursue supplementary sources of financing for recurrent budgeting support, in order to carry forward a meaningful programme of human resource development as a priority.

The potential for self-sustained expansion of the economic base of the country and, consequently, the revenue base for public financing are inextricably tied to the development of our human resource potential. This, in the final analysis, represents the greatest asset to the nation, not its proximity to the metropolitan markets of North America and Europe.

The Jamaican economy can only benefit from our proximity to those markets if our people acquire the skills, knowledge and other capabilities to meaningfully intervene in those markets. The PNP Government will therefore seek to exploit all possibilities to ensure that the recurrent revenue programme achieves and maintains an acceptable level of social well-being in the community.

● A dynamic capital expenditure programme which seeks to expand the physical productive capabilities of the country will represent the central thrust of the Government's budget. The orientation in the first instance will be towards those projects which significantly impact on production, employment, incomes and foreign exchange.

● The public sector investment programme will be developed on a triennial basis with emphasis on critically important areas as identified by the Government from time to time. The identification of projects as well as the design of the programme will reflect the orientation and interest of the Jamaican community and not necessarily that of the potential donor agency. Of fundamental importance also will be the complementary relationship between the capital programme and projected recurrent expenditure, such as the capacity and capability of the overall budget to keep in line with expansion in the economy.

In so far as it is possible, the Government should seek to establish a collaborative relationship with private firms, in

particular new foreign investors, for the development and improvement of social infrastructural facilities which cater to their project needs (e.g. roads, water deliveries, communications, etc.)

## FINANCING THE BUDGET

The financing of the recurrent budget rests essentially on tax revenue raised for any given fiscal year. The present Government has been seeking to increase tax revenues through improved collection and other administrative mechanisms. No regard has been given to the issue of capacity to pay and therefore even with a dramatic "bulldozer" approach, along with massive, insensitive and little thought-out cuts in overhead expenditures, a deficit on the recurrent budget persists.

In order to ensure that the capacity of the revenue base complements the expenditure targets of Government, a PNP Government will carry out continuous reviews of the tax system, for both direct taxes (such as income tax), and indirect taxes (such as consumption duties). We will seek to reduce the variety of taxes which now confuse the taxpaying public.

Taxation and tax policy cannot be myopic, seeking only to balance the current budget. In this regard, the fiscal policy unit in the Ministry of Finance will be upgraded and equipped to carry out on-going research on taxation. The matter of taxation will no longer be treated in an *ad hoc* and "scatter shot" manner, being imposed overnight for collection the following day.

Tax policy and taxation measures have never really served to stimulate economic activity in a meaningful way. The leading role which fiscal policy should have on redefining the structural relationships in the economy, as well as in enhancing further development and growth, has been for years noticeably absent.

A new PNP Administration will bring an innovative and imaginative policy regime to bear on taxation policy in general, establishing, for example, a continuing linkage with such other policy areas as foreign trade, employment, savings and investment. In contrast, the pursuit of policy in this regard by the present Government can only be described as *ad hoc* and piece-meal.

● The funding of the capital expenditure programme and financing the overall budget deficit will continue to rest heavily on the domestic financial system. The role of the Central Bank will however be kept to a minimum. In recent times, the intervention of the Government into the capital market has been made on the basis of very high interest rates. Such action has had the effect of crowding out productive investment opportunities from the financial markets.

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● The construction industry is the best example of the inflationary effects of such a policy. In addition, these high rates disproportionately increase the cost to Government of providing social infrastructure. Although it is commonly held that high rates of interest serve to attract capital, in a stagnant economic environment like Jamaica today, they also serve to delay and impede economic recovery and growth. This has serious implications for smaller and medium-sized producing firms.

The place and impact of deficit financing on inflation is also another matter which a new PNP Administration will address. Tolerable levels of inflation will have to be set as a trade-off to financing a programme which seeks to achieve reduced unemployment and increased economic growth. Given the mix of policies which will have to be pursued to deal with unemployment and production, the country may be asked to endure a period during which higher than desirable levels of inflation and current account deficits are endured. A slightly higher than desirable inflation rate represents a small price to pay as a trade-off for realistically planned and achieved targets for growth in employment and output in the short to medium term.

## MONETARY POLICY

The clearest and most vivid example of the present Government's abdication of its responsibility to the nation's economic welfare, is demonstrated by the monetary policy being pursued. The monetarist approach of the Government involved restricting, or putting a limit on the amount of money in circulation (the money supply) and thereafter increasing this quantum only to accommodate expansion in economic output.

One expressed objective of this approach has been to control inflation. Another, which has been articulated by the present Government, has been to reduce trading in hard currency. Neither has been achieved. The Government has adopted a policy which assumes that by stimulating the capital supply side of the economy, a natural process of economic expansion will ensue.

The first failure in this regard is to recognise that this aspect of our economy is dominated by merchants and traders. This conservative "supply-side" approach to the organisation, allocation and management of our economic resources is one which, in the context of a small developing country without proven systems and an institutional framework which ensured social equity, serves only to create uncertainty among prospective investors (local and foreign) while further impoverishing the working class at a rate never before experienced in Jamaica.

● By restricting the amount of money available and thereby allowing interest rates to climb to abnormally high levels, there has been a real contraction in the wider domestic economy. No significant expansion in investment has been taking place and for ongoing business, increased interest on cost working capital has also led to widespread contraction.

In those cases where some level of expansion and diversification have taken place, it has been confined to those few firms which already have financial surplus. Most of these represent distribution (or trading houses) and service firms. However, in such cases as manufacturing, agriculture and construction, for example, there has been a sharp contraction. The policy of the present Government in this regard, also presumes appreciable private foreign capital inflows to supplement domestic savings. The instability and uncertainty which result from a non-coherent monetarist approach seem, however, to limit the extent to which such inflows have taken place.

While businesses and other organisations with financial surpluses must be encouraged to expand investment and possibly divesting in the process of doing so, monetary and credit policy in a less developed economy cannot limit

investment opportunities to the few. Rather, the orientation must be towards creating an environment within which the full entrepreneurial energy of the society is released in order to achieve a broadening and deepening of the productive base of the economy.

In cases for example, where there is proven local capability to pursue investment opportunities, these should be encouraged by the Government, and not be disregarded and passed over in favour of foreign capital and foreign expertise.

The People's National Party is convinced that economic progress and the process of economic development and growth can best be served by providing a policy environment within which the entrepreneurial capabilities of the society can be exploited to the fullest. Accordingly, we rejected the monetarist (*laissez faire*) approach where only the strong survives. A PNP administration will pursue a more enlightened monetary policy whereby through such considerations as appropriate adjustments in interest rates, a purposeful savings policy, selective credit and other controls will lead to self-sustained and broad-based economic expansion. In this regard, strategies of a monetary policy for a PNP Government, will seek to integrate the role of these sectors targeted to lead the economic process rather than create conditions which isolate and crowd-out important lead sectors from the capital market.

While interest rate levels which stimulate and encourage savings, particularly by households, will command highest attention at all times, credit policy will always be mindful of the fact that it is through investments that jobs are created, incomes grow, and the productive base of the economy expand.

## DEREGULATION

The PNP is opposed to the across-the-board and indiscriminate deregulation of the economy. Deregulation represents the present government's investment of its responsibility to regulate imports and prices within the economy. Deregulation is predicated on assumption of perfectly competitive markets, which exist only in economic textbooks. In reality, markets in Jamaica, like other developing countries, are imperfect and therefore require government intervention to ensure their proper operation.

Regulation will be necessary in cases where the market is not operating in a manner which ensures an adequate supply at reasonable prices. Regulation will also be necessary to protect domestic producers from artificially cheap imports caused by dumping.

The PNP Administration will not permit domestic agriculture to be eroded by cheap food imports. Protectionism will be employed as a tool of development, that is, to provide local producers a period in which to become efficient, and if possible internationally competitive. In the case of industries of strategic national importance, they will be afforded protection. However, local producers will not be allowed to profiteer, with unreasonable prices and poor quality goods. The consumer will be protected by the operation of a Prices Commission. Protectionism will be applying selective, that is, by sector and by commodity and will be reviewed continuously.

## YOUTH UNEMPLOYMENT

This is the area which is of gravest concern. While the overall unemployment levels have remained one of the major problems facing successive Jamaican governments, the concentration on the global figures conceal the true extent of the more desperate situation of the youth. Identifying a mechanism to systematically reduce unemployment levels amongst the youth will be one of the major tasks to be tackled by the next PNP Administration. In several respects, the task will represent the most severe test to be faced.

The situation has worsened since the PNP last held power, as a combination of blunders at the policy level and a deliberate neglect of the problem has led to a situation where the country is less prepared to effectively deal with the problem than it was five years ago. Furthermore, by virtue of a mismanagement of the fiscal budget, the State's ability to take direct action has been severely limited.

In the final analysis, a substantial drive to reduce unemployment levels must result from an overall increase in levels of real production. However, the severity of the problem demands that employment be created at a more rapid pace than that which will result solely from an expansion of the formal productive sector.

The PNP is convinced that the main thrust in the fight against unemployment must come from growth in productive activities at the community levels. As such, a revitalised and expanded Community Enterprise Organisation (CEO) model will form the basis of the PNP's attack on Youth Unemployment.

The model will operate in three main ways. Supportive policies which restrict imports of products which can be produced locally will provide the incentive for initiatives in various sub-sectors which do not currently exist because of the import policies being pursued by the present Administration. In such cases, the State's major inputs will be in the areas of training, marketing support and access to finance.

At another level, the PNP Administration intends to vigorously pursue the procurement and establishment of "turn key" factories from external sources on concessionary financial terms. The objective will be to have the countries which provide the capital equipment purchase back the bulk of the output from the factories, thus contributing to foreign exchange earnings. In this latter case, there would need to be a greater degree of managerial direction to ensure that implementation targets are closely monitored and maintained. The management and operation of such factories will provide a specific area of possible collaboration between the Government and the private sector.

The PNP intends also to expand the CEO so that it can accommodate the activities of the entrepreneur whose operations are centred on a particular community but who may, for a variety of reasons, prefer to retain sole ownership of his establishment. In such a case, his operations could benefit from the same opportunities offered discussed above. The PNP feels that this modification of the CEO concept represents steps which will provide incentives for increased economic activity throughout the country.

● The CEO concept provides the opportunity for MPs and Parish Councillors to become involved in the promotion and expansion of production and employment. Such a development represent a practical example of the concept of participatory planning, and which underpins the whole development strategy of the PNP. To this end, the Party's constituency representatives are being charged with identifying in each constituency, possible community projects which can be implemented as soon as possible after the PNP takes office.

Priority will be given to projects which have any of the following characteristics:

- (i) Utilise local resources.
- (ii) Earn foreign exchange.
- (iii) Save foreign exchange.

Apart from the question of unemployment, there is the need to re-instil into the youth a sense of discipline as well as a commitment to the nation. That these attributes have been lost is an irrefutable fact. The PNP will embark on a series of policies, in addition to employment creation, which clearly demonstrates the priority position of youth in national affairs.

The Youth Camps will be revitalised and expanded to provide disciplined, residential vocational training to a larger number of youth. All schools at the secondary level will be assisted in establishing and maintaining organisations such as the Cadet Corps, as it has been demonstrated that the training and discipline gained in them are invaluable in formulating good work habits. In addition, contribution to community activities and organisations by secondary students will be given important weight in decisions concerning scholarships and awards for post-secondary training.

## Foreign Exchange and a Balance of Payments Strategy

**THE SHORTAGE OF FOREIGN EXCHANGE** must be regarded as the major crisis facing the country at this time but it must not be regarded as a recent origin. In fact, it has been a feature of the economy for a long time although various factors combined to hide its impact until the cessation of foreign investments into the bauxite/alumina industry. The problem worsened with the quantum jumps in the price of oil after 1973 as well as reduced earnings from our major exports. Finally, the import policies of the JLP Administration have contributed to a worsening of the problem over the last four and a half years.

Over the past eight years, devaluation has been the principal tool used to address the foreign exchange problem. However, instead of reducing the balance of payments deficit, devaluations have increased the payment dependent economy, fed the tendencies to speculate in foreign currency, caused tremendous uncertainty and thereby undermined confidence in the economy.

A PNP Administration will most likely inherit an IMF Agreement and decisions must be taken concerning how this should be dealt with. However, the point of departure for a new strategy may well come before the Agreement expires or is suspended.



## **AN ALTERNATIVE STRATEGY**

A PNP Administration will fix the exchange rate at the existing level for about a year. The main purpose of this is to reduce uncertainty and rebuild confidence in the economy. Recent devaluations have already made Jamaican exports sufficiently competitive.

At the end of Year 1, the exchange should be redefined as a weighted average of the exchange rate of Jamaica's trading partners. This may require an adjustment of the level of the exchange rate, of the value of the Jamaican dollar.

**To maintain a fixed rate a PNP Government will:**

- (a) Re-establish the import licensing system.
- (b) Draft and implement strictly, a foreign exchange budget.

The foreign exchange budget will be the principal instrument to achieve balance of payments equilibrium. It must be prepared in close consultation with importers and exporters, and reviewed with similar consultation periodically.

The budget must reflect the objective of maximizing foreign exchange earnings subject to meet essential energy, food, medical requirements and servicing the debt.

## **BALANCE OF PAYMENT STRATEGY AND THE IMF**

The experience of Jamaica since November 1976 has been that it has subordinated its long-term development strategy to its short-term balance of payments adjustment policies. This was done because of the assumption that balance of payments adjustment policies and neutral or at least not seriously disruptive to the development strategy. But balance of payments adjustment programmes involve the manipulation of all macro-economic variables, e.g. saving, investment, consumption and entail a specific method influencing these variables, e.g. prices, exchange rates, taxation.

These are founded on a particular system of resource allocation and mode of production and have serious implications for income distribution and the role of the state. Balance of payments adjustment programmes implicitly encompass a specific strategy of economic development. The IMF programme of balance of payments adjustment and its development implications are in certain important instances, in contradiction with the PNP's Democratic Socialist development strategy.

However, posing the issue in terms of polar opposite alternatives of IMF versus Non-IMF, is economically misleading, and ideologically leads to quarrelling which obscures the real issue rather than producing constructive debate. It is necessary to clarify some of the persistent misconceptions which cause the prevailing confusion about issues. It must be emphasized that balance of payments adjustment policy is not synonymous with IMF programmes.

**In fact, the correct approach to the balance of payments adjustment policy must meet the following four criteria:**

- (a) It must be consistent with the PNP Democratic Socialist development strategy, as is outlined in this Document. This means that the objectives, policy measures and pace of adjustment, must be



dictated by the development strategy and definitely not the other way around.

(b) It must be appropriate in that their policy measures must be suitable to the structure of the economy and they must effectively address the problems, rather than being mandated by the economic theory.

(c) It must be efficient, that is, it must minimize the economic cost of adjustment of the balance of payments. e.g. it must entail the least idling of productive resources and loss of output and employment.

(d) It must be viable. First, the social and economic repercussions should not place excessive strain on the operation of democratic political practices nor provoke anti-social behaviour.

Second, it must be based on a realistic appraisal of the Government's administrative/bureaucratic capacity to manage its implementation and the Party's capability for national mobilisation and political education and third, the economic hardships must be borne and seen to be shared by all classes in the society.

## **THE FISCAL BUDGET AND TAXATION**

Despite the central economic role of the public sector, one of the least developed policy areas in the administration and management of the Jamaican economic system is that which has to do with the design and management of fiscal policy parameters. The general approach has been — having designed an expenditure programme, a tax package is designed to support such a programme.

Our recent experience, however, has been that the revenue programmes which come out of tax packages have become increasingly incompatible with overall development, and indeed also, less compatible with the overall operations of the economy.

A new PNP Administration will have as its priority the complete review of the budgetary process with a view to establishing cash flow profiles for the period of at least three years, based on alternative assumptions. An expenditure programme must be designed to fit within the constraints defined by the likely revenue scenario. Primarily, what should be pursued is a situation where the line of policy-making goes from the design of a revenue programme through to the design of an expenditure programme and not the reverse.

## **CONTROLLING EXPENDITURES**

The recurrent expenditure programme has increasingly grown out of line due to several factors. The problems on the expenditure side relate partly to financial management, partly to other resource management, partly to personnel supervision. In order to address these problems, it will become necessary for a new PNP Government to rationalize and tighten-up the bureaucracy with a view to increasing efficiency without increasing the present physical size.

The idea of achieving efficiency through the creation of statutory corporations and boards should be resisted, and only income generating entities should be so encouraged. For such entities should be so encouraged. For such entities by the high levels of avoidance and evasion among higher income earners, given the present weaknesses in administration.

A restructured regime for income tax could therefore be designed on lower marginal rates applicable to properly structured bands and with fewer exemptions.

The greatest impact of such a redesigned structure would be to broaden the income tax base without inviting great resistance particularly among the self employed. The provisions of the tax regime which relates to companies also needs to be re-examined with a view to encouraging corporate productive expansion primarily among medium and smaller businesses, and also diversification among larger corporate bodies having surplus savings.

Such areas as capital allowances, investment allowances differential income tax rates (as is not the case for agriculture), exemption for research and development in industry and agriculture, etc., need to be reviewed. Generally, the corporate tax regime should be re-examined with a view to redesigning it in order to complement a programme of expansion in the productive sectors.

● In view of the present state of the economy, such a planned expansion has to generate immediate impact and would therefore best be implemented within relatively short reviewable time frames (say 2 to 3 years).

● As in the case of direct corporate taxes and related exemptions, the trade taxes (excise and consumption duty) could be reviewed to identify those non-essential commodities which could attract some increased tax without jeopardising local production.

As regards customs duties, no increase is contemplated since quantitative restrictions on imports will have to be reintroduced as a central component of an economic recovery programme. In fact, a reduction in import duties represents a very likely outcome. In such other areas of taxation as property, betting and gaming there is room for revision which could yield small increases in revenues.

● The present system of intimidating and frightening the taxpayer into his statutory obligations, given a very deficient audit, collection, supervisory and monitoring system, cannot be effective. Although there is the necessity for the administration to be firm, the taxpayer must not see the system to be repressive and inequitable.

### **THE CAPITAL BUDGET**

The capital side of the budget is of critical importance since it provides the basis on which Government fulfills its role in stimulating and accommodating the process of economic development. As earlier pointed out, the role of the State, given our stage of development, has to be central. It is in this context that the capital budget takes on extra-ordinary importance.

A new PNP Government will have as a major challenge the funding of the capital budget. Since recurrent account surpluses will not be forthcoming in the immediate future, the capital expenditure will have to be supported by borrowings from the private bank and non-bank sectors of the economy.

A new PNP Administration should definitely review the orientation of the capital budget and the public sector investment programme, to achieve a greater concentration on agricultural production and those projects and programmes which support the other productive sectors of the economy. For example, access roads, water delivery systems, transport, etc.

### **SAVINGS AND INVESTMENT**

The inadequacy of domestic savings to fund the country's investment requirements has been a chronic problem. The mobilisation of savings and their development into investment represents an area of economic planning where there needs to be somewhat of a break with traditional methodology.

Two essential elements of the new approach contemplated will consist of a greater reliance on domestic savings and a change in the traditional arrangements for attracting foreign capital. These will constitute major challenges to a PNP Administration.

### **APPROACHES TO CAPITAL FORMATION**

In order to maintain satisfactory levels of capital formation, a new PNP administration will have to consider the following strategies.

- (1) Broaden the source from which international foreign capital is sought. This would include the new industrialised countries and Eastern Europe.
- (2) Encourage the pursuit of more joint-venture arrangements both between
  - (i) the Government and the co-operative movement;
  - (ii) the Government and the local private sector, as well as
  - (iii) between the local and foreign private sectors.
- (3) Encourage and provide support for local and overseas investors in agriculture and agro-industry to assist in infrastructural development, particularly roads and water delivery systems.
- (4) Project the mobilisation of local investment through a direct programming of activities by larger local companies. This should be a priority.
- (5) Expand and improve the facilities and opportunities for contractual savings, e.g. housing trust, NIS and other non-bank institutions.
- (6) Seek to co-ordinate the various activities of institutions which now solicit remittances from overseas Jamaican residents. A programme could be designed to specially address this source, since, it also impacts on the foreign exchange budget.

Finally, programmes constituting the strategy to deal with investment planning will inevitably involve a substantial self-reliant component due to limited available capital resources. A new PNP Administration will therefore have to articulate this situation effectively.

### **FOREIGN POLICY**

The foreign policy of a future PNP Administration would reflect the Party's basic philosophical and ideological commitments enunciated in the Principles and Objectives of the Party, and by the leadership of the Party over the years. Accordingly, it should be clear that the Party remains firm in its commitments to a vision of political independence pursued through a policy of non-alignment. Overall, foreign policy is concerned with an attempt to utilize all the opportuni-

ties offered through our international relations with other states, parties, international technical bureaucracies and other agencies to advance and defend our broad national objectives.

From this vantage point then, the economic and political aspects of foreign policy are inextricably fused, as the foreign service as a matter of priority will have to concentrate, on seeking export markets, diversified sources of finance and new opportunities for investment.

## **LINKS WITH THE CARIBBEAN**

Any strategy for the social and economic transformation of Jamaica, must effectively recognize the central role of the Caribbean Community of states in such a strategy. CARICOM is, for example, the single most important market for the Island's non-traditional exports. Moreover, the opportunities for the creation of integrated production structures throughout the region have long been recognised.

The policy of a PNP Government will seek to:

- Re-establish and maintain the integrity of CARICOM, specifically and of the regional integration movement generally.
- Identify ways of alleviating the economic problems and trade disputes which plague the region, and which are consequences of the pressures of the larger world economic crisis i.e. deepen the economic integration movement.
- Maximize the influence and benefits to be gained in the international community through diplomatic co-operation and concerted action. In this connection, efforts must be made to strengthen linkages with non-CARICOM states in the region;
- Develop a CARICOM position on the region as a zone of peace, on the present Regional Security Plan and on the urgent need to demilitarize the region.
- Continue to raise the question of the right of a state (or states) to interfere in the internal affairs of another state,

## **RELATIONS WITH NORTH AMERICA**

Jamaica has historic relations with the United States and Canada which have, over the years, resulted in an ever-expanding network of trade, financial and labour flows. The Caribbean Basin Initiative will no doubt serve to underpin these long standing links with the U.S., which by virtue of the scale of its economy and the magnitude of its political influence, will continue to figure centrally in our foreign policy.

## **LINKS WITH SCANDINAVIAN AND SOUTHERN EUROPEAN COUNTRIES**

Our modest initiative towards Norway shortly before our exit from power has borne fruits which are still visible. A similar approach should be pursued with the other Scandinavian countries as well as Southern European countries such as Greece, Spain, Italy and Austria.

## **RELATIONS WITH SOCIALIST COUNTRIES**

Among the Socialist countries relations with the U.S.S.R. already initiated by us are important as a political economic counter-weight to the preponderance

of N.A.T.O. and O.E.C.D., influence on our politics and economy and as the gateway to establishing contact with the C.M.E.A. However, we need to develop a greater degree of sophistication in our relations with socialist countries.

We should continue our policy of increasingly good relations with the U.S.S.R., but in general we must seek to strengthen bi-lateral economic relations with the C.M.E.A. smaller countries.

Diversification of our trading relations is an important political objective for us; and in this respect the socialist countries have a strategic role. Apart from conventional trade one of the advantages for a foreign exchange starved country such as ours is the greater willingness of the socialist countries to engage in barter of goods, once complementary need and supply possibilities can be established.

## **INTERNATIONAL TRADE**

The ultimate objective of Jamaica's International Trade policies must be to consistently achieve a significant favourable Trade balance. Only if this is done will there be any real and sustained improvement in the Nation's economy. A mammoth task will have to be accomplished to achieve this.

**To do this we must pursue a policy aimed at:**

- (a) Sufficiently reducing imports.**
- (b) Significantly increasing exports.**

**The P.N.P. is committed to these policies.**

## **DECREASING IMPORTS**

Given the decline in production and exports, the Nation cannot afford to sustain the level of imports effected under the JLP Government's open market policies.

Unless this trend of importing luxuries is controlled, necessities, capital goods and raw materials required to sustain life, health and production will be displaced by these luxuries.

- (a) In the short run the Nation needs to cut back upon imports and to do so in a manner calculated to assert a positive effect upon the Nation's economy, and to advance economic policy. Thus basic food requirements must be met by local production plus imports. Imports must never replace local production and must give way to it as soon as local production demonstrates its abilities to supply the local need.**
- (b) Lack of Production: Production of virtually every major commodity traditionally exported has declined since 1980. This fact is particularly tragic and significant since apart from bauxite and alumina there is not a single traditional export production by Jamaica which lacks a market.**

International Trade Policy must be aimed at:

- (i) Holding existing export markets.
- (ii) Expanding existing export markets
- (iii) Diversifying our export markets.

## **OUR INTERNATIONAL TRADING RELATIONS**

Our capacity to achieve export diversification depends not only upon the extent to which our production is diversified and upon our competitiveness, but also upon our international trading relations which must create the openings and the conditions for new markets in new areas to be established and to grow.

### ***BARTER***

We must avoid the pitfalls which could entrap us into static international trading relations, such as the fear to initiate trade with countries which have different ideological positions from us.

The Barter System is an effective answer to some of the constraints flowing from scarce foreign exchange. The PNP must accept this as a real and desirable inter-national trade adjunct, and must labour to secure its acceptance by potential South/South countries, and countries with different economic systems. Great care must be applied to ensure that only items needed by Jamaica are accepted in barter, and that our economic objectives are not otherwise sacrificed.

### ***TRADE BARRIERS***

**TARIFF:** Jamaica must re-commit itself to pursuing the goals of non-reciprocal trading concessions from developed countries. Lome is the best example.

In so far as the CBI provides a one-way free area into the U.S.A. it accords with the foregoing objective. These concessions must not be obtained at a price which secure the abandonment or destruction of our attempts at meaningful industrialisation.

There are numerous other barriers to trade apart from tariff maintained by developed and developing countries. These must be studied, understood and taught to Jamaican exporters so that their effects inhibiting trade may be minimised, and compliance effected where possible. We must constantly strive for the removal of those which unreasonably inhibit the access of our exports.

**T**HE CUMULATIVE ADVERSE GAP between Jamaica's exports and imports built up during 1981, and 1984, dramatically illustrates the herculean task to be accomplished by the productive sectors. During these three years, the Nation imported some US\$2.31 billion of goods more than it exported. As a direct result, Jamaica was plunged into an economic crisis so severe that it will continue far into the future to adversely affect the capacity of our nation to build a better life for its people. There is little hope of achieving any of our socio-economic objectives unless there is a dramatic increase in the productive capacity of our Nation.

The Government must accept and fulfill the responsibility of developing and seeing to the implementation of a credible and viable development policy for the expansion of productive activities. To ensure the successful implementation of that policy, the Government must be prepared to accept the responsibility to direct and to the extent necessary, control the economy to achieve the goals for national development.

It is the policy of the PNP to promote closest co-operation between the public and private sectors in the development of production generally. History has shown that most countries which have been able to make rapid economic strides have enjoyed close ties and good co-operation between the public and private sectors.

### **Securing Production**

A new PNP Administration would recognise the pivotal role of the State in determining the direction of the Jamaican economy, and in acting as the principal catalyst in the processes of social and economic change.

- a) **Existing:** Within the overall socio-economic parameters, will be the policy of a PNP Government to give encouragement and support to the productive sector already in place.
- b) **hr New Efforts:** The PNP believes that over and above this ongoing productive effort, a further great mobilised effort must be put in place to secure new and massive increments of production. The private sector will be encouraged to initiate and develop new productive enterprises consistent with the overall economic objectives of the Nation. The public sector must also, to the full extent of its capabilities, initiate



and develop such projects as are appropriate for it to embark upon. It will be the policy of the PNP Government where the initiation of such projects are contemplated, to seek to do so in joint venture with private enterprise.

The organisation, and relative public sector/private sector ownership of these new enterprises would vary in each case based upon the needs of and upon the productive factors to be contributed by the industry of enterprise. The equity ownership ratio between the public and private sectors would depend upon the needs of the enterprise itself and the extent to which such needs are supplied as a matter of necessity or agreement or public policy, by the public or private sector, and would not be expected that such enterprises would operate as if they were departments of government but rather as businesses required to adopt proper management procedures.

There would be full recognition and acceptance of the fact that the enterprise would be in competition with both public and private sector interests for its officers, employees and other management and operational resources.

The Board of Directors for such enterprises would be chosen from the private and public sectors, reflecting the shareholding of the participants or other ratio of representation agreed upon, and would be expected to operate as directors responsible to their shareholders and without political interference.

### **Advantages of public/private sector partnerships**

The PNP feels that the Nation could reap numerous benefits from such a policy of partnership between the public and private sectors:

- a) **Such a policy would help to rebuild confidence in each other between the public and the private sectors.**
- b) **In those cases where such a course would be desirable or necessary in the national interest it would secure the marriage of the means of production held or controlled separately by each section.**
- c) **It would weaken the tendency for the Nation to lose its best professionals and technicians to migration.**
- d) **The co-operation which is promoted and achieved would ensure that those human and physical resources, hitherto tightly compartmentalized in the public and private sectors, would be released for co-operative effort.**
- e) **More effective sectoral planning could be done from within the industry, since by virtue of their joint ownership or other partnership relationship greater co-operation in planning could be achieved.**
- f) **Government and Private Sector co-operation within an enterprise would engender confidence by both local and foreign investors.**
- g) **A greater identification between national and corporate interest could be achieved.**
- h) **A greater sense of national ownership and participation in the productive endeavours of the Nation would be achieved.**

- i) Both the private and public sectors could work together to achieve proper and acceptable fiscal controls and management standards in enterprises in which there is public sector investment.
- j) The public and private sectors and the workers in the enterprise could work together for the implementation of reforms at the work-place, for example, improvement in management and worker attitudes, the implementation of worker participation policies and the achieving of greater productivity.

### **Only production can close gap**

The productive sector can assist the Nation to close the huge gap which exists between imports and exports.

- a) By producing more for local consumption thereby reducing imports; and
- b) By producing more for export.

Significantly more can be attempted and achieved in both areas. There is little prospect that exports can increase at a fast enough rate to close the huge gap in our trade which currently exists. A major objective of policy therefore must be to dramatically improve production for local consumption to fill much of the gap created by the inescapable reduction of imports.

The PNP notes the disastrous effects upon the Nation's producers, of the destruction of the local market which they enjoyed for their products by the disastrous callous open market policy of the Seaga Government.

The PNP will seek to encourage and secure that

- a) **The manufacturing sector produces a much greater proportion of the manufactured goods the nation consumes. At the same time, such substitution must be carried out in a planned manner to achieve identified objectives, and must be based more and more upon locally produced raw materials (including CARICOM-produced) and must aim at satisfying the requirements of the local market and those of our trading partners.**
  - b) The PNP will develop a strong export oriented productive sector which:
    - i) Uses the strong local market base as the springboard for export production.
    - ii) Encourages local manufacturers to produce for export.
    - iii) Encourages all other opportunities to produce for export (including export only production, example, 806/807 Textile production).
- c) The PNP will seek to secure the production in Jamaica and within the CARICOM region of such of the raw materials as support the productive sector i.e. both production for the local and CARICOM markets, as can be produced within the region.

### **Priorities**

A PNP Government would pursue policies of seeking to make the Nation as self-sufficient as is possible in the production of food, clothing, shelter

and energy and appropriate programmes would be developed to achieve these. These are all areas in which there are real opportunities for co-operation between the public and private sectors.

### **Mobilising for Production**

In mobilising the Nation for production, every possible productive entity must be harnessed: large and small units, co-operatives, cottage industries, community-organised and community-based enterprises — all must be considered and utilised where appropriate. Except where the Government may for good and sufficient reasons reserve a particular activity for development within the public or private sector, we must avoid the error and temptation of being locked into pre-conceived notions that any particular economic activity is to be assigned to, or preserved for any particular organisation, individual sector or group to the exclusion of any other.

## **AGRICULTURE**

Agriculture will be developed by the future PNP Government within the overall policy of expanding the productive sector. However, the importance of agriculture in the socio-economic structure of Jamaica and its role in development efforts cannot be overstated. The sector employs over 35 percent of the work force, earns a significant portion of our foreign exchange, is the economic and social base of rural Jamaica, and can provide the basis for the development of the manufacturing sector. In addition, the health of the nation depends heavily on this sector, as it produces the major portion of nutrition for the population.

In truth all aspects of Jamaican life, nutritional, educational, social, political are affected to a lesser or greater degree by what happens in agriculture.

The major objectives of agricultural policy will be to feed, help clothe and house the Nation; earn foreign exchange; save foreign exchange; increase rural employment; and increase rural incomes.

In order to attain these objectives, there are certain corresponding policy initiatives which are required. These relate to:

- a) **Co-operatives:** The co-operative method will be applied in the production and supply of farm material and service inputs, as well as to the harvesting and marketing of output. There will therefore need to be widespread training in co-operation.
- b) **Extension Services:** These will be organised in relation to ecological zones and will seek to prevent duplication of personnel and functions. Officers will be required to live in the areas in which they work and report to an Area Authority which will control credit, irrigation technology and marketing. These Area Authorities will function without political bias.
- c) **Land Reform and Rural Development** will be pursued through an aggressive land reform programme on Government-owned lands. Supplemental lands will be offered to improve the economic status of the freehold farmer. Programmes for the resettlement of small farmers on degraded hillside lands will be instituted.

Within the co-operative framework:

- a) Delinquent co-operators will be subject to disciplinary action.
- b) Lands must be made available to farmers at economic prices.
- c) Re-sale or sub-lease will be subject to agreements or restrictive covenants, so as to maintain effective sustained production.
- d) Incentives Programmes: Price indexing to allow cost of production changes to be passed on for items whose prices are controlled will be practiced. This will ensure satisfactory returns to producers.
- e) Redistribution of State-owned lands and land acquired for settlement of farmers on a variation on the Carreras Contract Farming Model will be instituted. The central co-operative would provide the farm services and finance and purchase or lease the land from the State. The Co-operative members will be the farmers within the system.
- f) Small Farmers: Special programmes will be designed for the small farmers to organise this sub-sector for higher efficiency and increased incomes to the farm families.
- g) Agricultural Zoning: The zoning of agricultural activities will be encouraged through the application of suitable incentives.

### Specific Sector Recommendations

● **Sugar:** The sugar industry is the most resilient to fluctuations in international prices and afford the best distribution of earnings in the Agricultural Sector. A People's National Party Government will *inter alia*:

● Maintain approximately 120,000 acres in sugar cane; set as a priority the provision of fertilizer and chemicals by November of each year; have dialogue with factories in order to assist in refurbishing facilities to achieve and maintain a minimum factory efficiency of 90% — 10.8 T/C/LS; set aside a percentage of foreign exchange earnings of the industry to finance fertilizer purchase and factory refurbishing.

● Intensify research into the development of by-products from sugar cane, and meat and dairy production, and in the process reestablish the primacy of the Sugar Industry Research Institute.

● **Dairy and Beef:** Index the farm gate price of milk based on changes in the cost of major inputs; develop and promote new concentrate feeds based on indigenous ingredients; increase supply of veterinary services; establish an efficient breeder unit, develop cottage industry for butter and cheese production in suitable areas.

● **Poultry:** Improve efficiency in poultry production particularly by harmonization of genetic ability with feeding regime; improve feed supplies to smaller chicken farmers; establish corn/sorghum production as a national effort.

● **Sheep and Goat:** Train families on small farms in animal husbandry; establish research programme in animal health and nutrition; multiply breeding stock with emphasis on the development of the genetic base.

● **Food Crops:** The major objective is increased productivity through application of appropriate technology and improved extension services. An intelligent import policy will seek to protect the interest of Jamaican farmers.

The application of suitable marketing strategies for local distribution as well as for export will be a priority.

● **Tenure:** Government land will be leased for periods up to 49 years with option to renew, while private land will

● **Rate of payment:** Rate of payment to the depositor will be based on official valuation and where capital development took place, a negotiated figure.

The land will begin to earn from the time of deposit.

● **Land owners without proper titles:** The Bank will seek to implement the "Facilities for Titles Law" with a view to assisting the thousands of small farmers without proper titles.

● **Private land owners:** Private land owners with a desire to produce, may seek the assistance of the Bank, but will be charged for services.

● **Role of Jamaica Agricultural Society (JAS):** The role of the JAS will be to organise farmers; provide them with advice and general information through extension, and to offer farm supplies at reasonable rates.

● **Extension Officers:** Through the JAS an extension officer is not necessarily a graduate, but a competent agriculturist with a "track record," will be retained and assigned to a project as a worker. Such projects will be used as demonstration centres and will be given support through the Bank's Development Officer.

● **Producer Marketing Organisations (PMO):** The PMOs which are community based, will be supervised by the JAS and tied into a central Terminal Market, controlled by the JAS as the farmers' representative.

● **Role of the Community:** The role of the Community Council among other things will be to monitor all activities in the community and through its organisation report findings to the Bank.

A PNP Government will establish a Land Bank designed to embrace the functions, of Land Lease and emphasising Planning, Utilisation, Zoning, Development and Land Distribution.

● **The Bank will involve all Government Departments** administering the subject, Land and related subjects (Lands Department, Land Utilisation, Surveys and Titles, Rural Physical Planning) and Production Marketing and Extension.

All organisations, Ministries and individuals currently engaged in acquiring and distributing land on Government's behalf will be stripped of such responsibility and such function transferred to the Board which will be run by the Bank.

The Board will be chaired by a Commissioner of Lands minus the unique powers he now enjoys, and will comprise the following members: Representatives from Utilisation, Rural Planning, Credit Bank, Ministries of Housing and Finance, Marketing, Production and Extension, Surveys and Titles, JAS, Government, and two members of the Opposition.

The Board will report to the Minister of Agriculture.

Three categories of Land will be deposited in the bank:

- i) All Government lands.
- ii) Declared underutilised and idle lands (which will be deposited by the Land Utilisation Section).
- iii) Privately owned land deposited by the owner on a voluntary basis for a fixed period, and for which land he will be compensated.

The Bank reserves the right to refuse an offer to deposit.

### **Districition and Utilisation of Land**

Lands will be leased to an applicant with a genuine need for land, and whose utilisation proposals satisfies Government's overall development criteria. Although priority will be given to individual small farmers and CEOs with bankable proposals, other feasible production models (Corporate, Co-operatives or a mixture of Corporate and Small Farmers) will be accommodated.

### **MANUFACTURING**

In line with the general policies outlined for the expansion of production, there are some which hold specific relevance for the Manufacturing Sector. An important objective is for local manufacturers to secure the domestic and CARICOM markets and use these as a basis for expansion into exports.

To achieve these objectives, consideration will be given to application of the following policies:

● **Import Duty and Duty Drawback:** An import duty regime should be put in place in relation to all items which are considered desirable and necessary to protect, to achieve and strengthen local production of such items. The effect of this protective device will be to discourage the importation of goods and materials produced locally and to encourage the production of those which we can produce.

In order not to penalise exports, there would be a Duty Draw Back System or some other appropriate method to ensure that the additional duty is not borne by a production for exports.

● **Small Industries:** Small industries are to the manufacturing sector, what Jamaica's peasant farmers are to the Agricultural Sector.

The PNP Government will recognise and seek to strengthen the importance and role of small manufacturers in the Development Plans of the Nation. In particular, needs for: Financing, Appropriate Technology, Marketing, Technical Services, Training and Appropriate Institutions to which to relate, will be specifically and carefully addressed.

### **Divested Enterprises**

The PNP Government will reserve the right to examine the justification for and circumstances under which public enterprises have been divested by the JLP Government. The removal of the Nation's assets from public ownership is a grave and radical step which must be discouraged for any but the most compelling reasons.

## Foreign Investment

The Party will welcome and seek after foreign investment. It will do so responsibly, and as part of the overall plans and policies for the development of the economy.

Foreign investment must supplement local investment, not replace it. The Party believes that local investment (including investment from CARICOM countries) must be the very heart and soul of the development of our industrial sector and that foreign investment should be invited and welcomed where it is required to provide some perceived need. It must make some contribution to the nation's economic development. Such contribution may either be of capital, where capital is needed, or of technology, where that is needed and appropriate, or of markets, or of combinations of these. Where foreign investment is contemplated, joint ventures should be encouraged.

There are undoubtedly sectors of our economy where no foreign investment is needed and others where foreign ownership is undesirable. On the other hand, there are sectors where the marriage of unavailable resources, (either entirely or sufficiently) in Jamaica but possessed by a foreign investor, with resources available within the country through a local investor could produce a fruitful and useful partnership of local and private entrepreneurs. This marriage could take place with the Public or Private Sectors.

## MARKETING, DISTRIBUTION AND COMMERCE

**The Distributive System:** The Economic situation which produces shortages and scarcities of consumer products necessitates that Government applies policies to anticipate and deal with conflicting interests of different groups of our citizens.

Among the issues commonly encountered are too high mark ups, scarcities and hoarding. The last PNP Government sought to influence this situation through the operations of the State Trading mechanisms and the price control mechanism.

The State Trading Organisations secured for the Nation the advantages of large-scale imports; aided the process of more equitable distribution and impacted most beneficially upon the cost of living.

The next PNP Administration will utilise this mechanism effectively to influence prices and the supply, availability and distribution of selected commodities.

For its policies to have the desired impact upon the distributive system, example, on hoarding or on discriminatory distribution of scarce goods, the State Trading Organisation must reserve the right and develop the capacity to distribute specific products direct to retailers. Furthermore normally the State Trading Organisation should be prepared to distribute to any trader prepared to purchase not less than the minimum quantities prepared to purchase not less than the minimum quantities specified by that organisation.

● The PNP considers that the distributive trade is a natural avenue for investment by Jamaicans throughout the length and breadth of our Nation, and concerted efforts should be made to encourage such investment.

Accordingly the impediments to this, such as financing and credit upon reasonable terms should be examined and positively dealt with.



The PNP does not consider the distributive trade catering primarily to the captive Jamaican market to be an area which is appropriate for foreign involvement.

The PNP will encourage co-operative marketing. It will encourage retailers co-operatives so that by combining their efforts in that way small retailers can purchase their goods more advantageously and may deal more effectively with problems of credit and transport.

### **Price Controls**

This would be employed where in the opinion of the PNP Government the circumstances so justified. Examples of where these would be normally justified are where products are in short supply or are subsidised.

Care will be taken however to ensure that as regards locally produced goods price controls do not operate as a disincentive to production. Accordingly where locally produced goods come under price control the system must ensure that requests for price increases are promptly attended to so as to avoid irreversible losses while applications are being dealt with.

Training of Price Inspectors would be undertaken to improve or impart to them the skills of their jobs and the technique of good public relations.

The price control system should be supported by strong consumer organisations, and by such community activities as may be expected to be generated by Community Councils.

### **Distribution of locally produced goods**

The distribution sector must accept the obligation to handle and distribute locally produced goods.

It is the intention of the next PNP Government in consultation with the distributive trade to secure reliable arrangements whereby distributors and traders will accept and adhere to responsibility for the handling and distribution of locally produced goods.

### **Distribution of locally produced agricultural goods**

The private distributive sector must be encouraged to distribute locally produced goods. An acute problem relates to the agricultural sector whose goods are usually perishable.

There is also the additional problem of making the goods available at places where the demand exists.

### **Government marketing organisation**

In the past the Government marketing organisations have not dealt satisfactorily with the marketing problems of farmers.

There were a variety of reasons, including under-capitalisation, under-equipment and inadequate storage facilities, poor management, dishonesty, political interference and lack of professionalism.

Despite this history, the need exists for some marketing organisation, and this need will be objectively examined in consultation with the farmers' representatives and filled. Such an organisation must not be used to subsidize the consumer. Any subsidy must come from Central Government and paid at the time of sale.

The pitfalls enumerated above must be avoided. This means that the organisation must be properly financed, equipped and managed, and must be free from interference.

It must undertake its distribution like any other business, and should be free if it considers it necessary, to provide its own outlets at any and all levels of the distributive trade. This should be a business decision to be taken by the organisation.

Co-operative marketing for agricultural products will be encouraged and supported particularly among small farmers and the appropriate organisations set up where feasible.

The issues relating to the adequacy of markets and of the transportation system must be addressed so as to get the goods to the consumer at the point of demand and to avoid regional and seasonal gluts.

## **Markets**

Attention must be paid to upgrading the markets throughout the Country. The rural markets programmes instituted by the PNP in conjunction with I.A.D.B. and A.I.D. should be updated and pursued. Adequate markets are important for the proper distribution of locally produced products.

### **Informal Commercial Importers**

**The legitimacy of these traders as a group must be accepted, and opportunities for dialogue established. The Party recognises that there are both positive and negative effects from their operations:**

Some positive effects are:

- a) They represent a widening of traders as a class to incorporate persons who otherwise would have been for one reason or another excluded from that class.
- b) They are an example of initiative and ingenuity and success.
- c) They serve to mitigate, by their activities, shortages and their effects

Some negative effects are:

- i) Many of them are believed to circumvent the regulations and to evade the payment of duties.

These complaints are not confined to persons within this category of traders, but apply also to persons within the traditional categories of traders.

- ii) Their importations serve to undermine local products. The objective of a PNP Administration must be to get this category of traders to operate within the Law and Regulations to the extent that they are not now doing so. They should be encouraged to trade in local goods as well as in those imported goods which are permitted to be imported.

## **BAUXITE/ALUMINA**

The policy options open to a future PNP Government must be seen within the context of the following:

1. Bauxite production has fallen from 12 million tonnes in 1980 to a projected million tonnes in 1985.
2. Reynolds and Alcoa closed their plants and Alpart is waivering.
3. There have been major structural changes in the alumina industry. The four major North American producers ALCOA, ALCAN, KAISER and REYNOLDS who supplied 56% of western world

aluminium in the 1960s now supply only 24%. The market therefore for Jamaican alumina and bauxite has been reduced by 50%.

4. There has been accelerated growth of capacities in Australia, Ireland, Brazil and Venezuela.
5. There has been increased use of recycled aluminium scrap as a major source of supply currently in the region of 10% of world demand.
6. There have been fundamental changes in the world energy industry, originating with OPEC's decision in 1973, followed by the second oil crisis in 1979.

### Policy Options

What is of primary importance is the fact that Jamaican plants were established prior to 1974 compared to the new and larger plants which have been established since 1975 in Australia, Ireland, Brazil etc.

Although devaluations and reduction in bauxite levy have improved the competitiveness of the industry, it has not fully brought it in line with the low cost producers. Jamaica, like North America, will therefore remain a swing producer of bauxite and alumina. For Jamaica to be competitive in the short term, most of the kilns will need to be retrofitted so as to achieve a 30% savings on their oil bill and in the long term, replaced by coal. This is an option stated by Alcan with regard to the Kirkvine installation. Therefore emphasis must be placed on making the necessary adjustments to the plants in order to run them more efficiently.

Very positive efforts should be made for a joint investment of the Bauxite Alumina companies, the Jamaica Public Service Company Limited (JPS) and the Cement Company in coal-burning electricity generating facilities. One or two plants jointly owned would produce energy at a much cheaper price than oil.

Cheaper energy with retrofitting of the kilns, would produce a product competitive with the lowest producer. A PNP Government would be prepared to provide incentives to those companies which demonstrate improvements in the use of energy.

Another important factor is that of market diversification. Because of the closure of a number of plants on the Gulf Coast, it is obvious that Jamaica cannot depend totally on the North American market. The previous PNP Government started negotiations with a number of other countries such as USSR, Venezuela, Iraq and Algeria. The present Government is beneficiary to a number of those agreements viz. USSR and Venezuela. A future PNP Government will continue and deepen discussions with other countries.

A third factor is the development of downstream activities. Since the establishment of a local smelter is out of reach, it is of critical importance that efforts be made for developmental work in the area of establishing aluminium fabricating plants for the production of a number of products. This in turn will generate new industries in addition to providing inputs for existing ones which currently have to find foreign exchange to procure raw materials.

### Strategy

**Our strategies will have to be implemented on a short-term and a long-term basis.**

As stated previously Jamaica is not going to experience any incremental production in exports to our North American neighbours; however, trade with other developing countries is beleaguered by their inability to pay in a truly convertible currency.

We could negotiate to barter Jamaican products for payment of our oil imports. For example, we have identified many products that Nigeria imports and we produce. With a proper mobilisation of public and private sectors, the products would be available for such trading.

## **TOURISM**

Tourism is currently the world's second largest industry, and the largest source of foreign exchange earnings for many countries. However, it is for developing countries such as ours very fragile and fickle, and therefore it has to be handled with sensitivity to the many factors which can affect its development. In addition, we must recognise that as more countries see it as a source of quick foreign exchange earnings, it becomes more competitive.

Travel tastes and trends also change constantly. Jamaica therefore has to monitor the vacation desires of the increasing number of people who can afford foreign travel, and also has to anticipate future trends and adapt and modify both the product it offers and its marketing and promotional programmes.

Jamaica has the most attractive and varied tourism product among its competitors in the region. Apart from the traditional attractions of sand, sea and scenery, the country has many unique and interesting features such as its history and culture, which could be incorporated in its product and exploited through creative development and marketing.

### **Role of a future PNP Government**

A Ministerial Advisory Council, consisting of representatives of all tourism organisations in the public and private sectors would be established. In addition, the Jamaica Tourist Board Act would be examined with view to making the necessary amendments to make it a Department within the Ministry of Tourism.

Local Government Authorities would also be given greater responsibility for monitoring the facilities of the industry in their parishes, and a percentage of the revenue earned from Room Taxes, etc., would be paid by Central Government to the Parish Councils to enable them to perform these roles.

The main task of Government in promoting the industry is considered to be as follows:

1. Creating the political climate necessary for a host country.
2. Ensuring Security, particularly control of violence and narcotics trading.
3. Increasing public ownership or joint venture ownership of hotels and acquisition of obsolescent and non-viable hotels, at realistic prices and with local financing, for the purpose of conversion, re-building and upgrading for public sector use.
4. Promotion through advertising and marketing and an active public relations campaign. These are functions traditionally carried out by the Jamaica Tourist Board, and should be integrated into a Department of the Ministry of Tourism.
5. Air Transportation: The prime function of Air Jamaica should be the development and promotion of tourism. With the existing agency JAM-VAC, charter flights would be provided for gateways that show potential for growth.

## **Training**

A priority would be the re-establishment of a Hotel Training School. This School could be separated or be a special Department in CAST, and would offer a Diploma course with externship in selected hotels.

In-Service training programmes for all staff involved in the tourist industry would be carried out on an on-going basis. Tourism will also be regarded as a special subject in the curriculum of schools, especially in, and adjacent to, the resort areas. Workers in the industry would be encouraged to offer their services to be trained as trainees for this programme. This in-service training programme should use the entrepreneur and management expertise which we currently possess in Jamaica.

Further education should lead to a degree course at the U.W.I. and/or the Bahamas. Specialist short-term grants and courses abroad would continue to be sought.

## **Domestic Tourism**

A PNP Government will seek to ensure that Jamaicans are not excluded from hotels because of prohibitive pricing of rooms and food and beverage or any other consideration.

Consideration will be given to a system where rooms and attractions can be provided, and made available through the use of the Jamaica Reservations Service which Jamaican Travel Agents will be actively encouraged to use. The Government would also consider foregoing the Room Tax for Jamaicans. The Ministry of Tourism would, on an annual basis, negotiate these special rates for Jamaicans with the JHTA, JAVA, and other tourism-related organisations.

## **Industrial Relations:**

One of the most important factors to ensure that there is a successful tourism industry, is a harmonious industrial relations environment within the Industry. Therefore, it is important that any Government should support this thrust to create the environment necessary, for the following to be meaningfully and seriously addressed:

- a) The right of the worker without interference from any quarters to join a union of his/her choice.
- b) The implementation of training programmes for the general staff with the emphasis being placed among the line staffers.
- c) The promotion of worker participation within the industry.
- d) The establishment of mechanism to ensure that there can be a free flow of information from among staff to executive members and policy workers in the industry to assist in the overall planning and development of the industry.

## **ENERGY**

Energy, the vehicle of production and social growth must be available at affordable prices. Jamaica depends on imported fuel for approximately 98% of its commercial needs. Over the last ten (10) years every significant area of energy has been studied, researched, and in most cases feasibility studies prepared.

The problem is having enough foreign exchange to buy oil to propel production into economic growth, or alternatively, to direct the use of imported energy towards production; or discover alternative renewable sources of energy.

Against that background, the Objectives of our Energy Policy, are:

1. To reduce dependency on imported oil.
2. To develop alternative sources of energy which are renewable and indigenous.
3. To promote efficient and effective utilization of energy.
4. To accelerate energy programmes designed for the productive areas, notably agriculture.
5. To structure an energy industry which is responsive to the needs of the country.
6. To structure a pricing policy that will enhance production in the economy.

Physical Infrastructure

## HOUSING POLICY

In accordance with the Principles and Objectives of the People's National Party, and its inherent philosophy to provide reasonable and affordable levels of housing through different programmes, and in keeping with the objectives of choice, security of tenure, fairness, employment related activities and available public facilities, the following will form the basis of the People's National Party's Housing Policy.

### ●A: PLANNING, RESEARCH, DEVELOPMENT

(i) There will be a survey of the areas of blight and an audit of unused sub-divisions to assess their potential for re-development or completion of development, as these areas represent a sizeable investment of national resources in terms of infrastructure such as roads, and other utilities and social amenities.

(ii) Physical development plans will be completed at the National, Regional and Local levels to reflect land use zoning, (within and without predetermined urban fences), realistic density zoning and the framework to afford some levels of certainty in forward planning and development. For example:

(a) Increasing of residential densities in urban areas with public sewer systems to improve development feasibility and reduce amortization periods for public infrastructure upgrading.

(b) Modify land use and density zoning for transitional urban areas to allow for controlled mixed commercial and residential use, whereby the high profitability attached to commercial development can be used to cushion the delivery cost of residential units, and the time-sharing of vital infrastructure such as parking, and public open space can be enjoyed.

(iii) There will be an expansion of the role and increase in the relevance and contribution of the Building and Research facilities that are in existence with a view to increase the use of indigenous materials, and maximising alternative methods of construction, which will prove to be less costly compared to conventional methods.

For example:-

(a) Professional analysis of such traditional forms of construction as nog, wattle and daub, spanish walling, bricks and lumber should be carried out to determine whether the basic principles of these forms of construction can be adapted and if necessary updated to fit in with today's requirements.

(b) There will be indepth research into the feasibility of using vast resources of red mud, lime stone, and gypsum as major elements in buildings.

### ●B. ADMINISTRATION

- (1) The entire bureaucracy related to housing will be audited, rationalised and restructured to develop efficiency, increase effectiveness, and eliminate costly overlapping and duplication of



plant and human resources. This audit and restructuring should include the National Housing Trust with a view to ensuring efficient disbursement of funds and to determine the fairness and efficiency of the Entitlement Index System, *vis-a-vis*, the random selection system. In addition a system is to be devised within the National Housing Trust to prioritize the needs of such groups as Teachers, Nurses, Police, Soldiers and other large groups of public servants.

(ii) The conditions, type and nature of construction contracts will be examined and reviewed to ensure efficiency and cost-effectiveness in the execution of programmes.

(iii) Systems will be put in place to develop a continued inventory of housing material requirements, the means for pre-purchasing to maximise cash benefits, efficient storage and distribution in an orderly and cost effective basis.

(iv) Steps will be taken to register professionals to enhance efficiency in the building industry and serious effort must be made to afford increase autonomy of local authorities in the administration of their responsibilities within the areas of their jurisdiction and the criteria of national policy directives.

## ● C. FINANCE

(i) The National Housing Trust will be used to perform the pivotal role for the supply of funds for housing development and delivery. We must insist therefore that its funds should not be pre-empted for other uses.

(ii) Reduction of rates, levies, and taxes as they relate to construction and conveyance, and similarly, modification of utility rates as they relate to specific areas will be investigated to determine whether such indirect subsidies can be adequately offset against increased building stock.

(iii) In the private sector funding arena, varied and progressive mortgage funding systems will be encouraged to allow greater flexibility in interest rates and amortization periods, reflecting not only total emoluments, but also security of employ-

ment and usable life of houses as assets. Means of widening the scope of combined family income must be expanded to narrow the gap between salaries and mortgages.

(iv) Mechanisms will be developed whereby payments of rents and leases can be applied to ultimate ownership of property.

## ● D. INITIAL PROGRAMMING

(i) All unallocated units will be speedily allocated.

(ii) All incomplete project with financing in place will be completed without delay and speedily allocated on completion

(iii) All partially complete projects suffering from lack of funds will be given first priority access to new funding.

(iv) The Sites and Service Programme will be re-introduced and also expanded and modified, to offer assistance to middle-income families who wish to be accommodated under such a programme

(v) Aided self-help and squatter upgrading will be given greater emphasis and financial support.

(vi) A public information programme will be established to set a standard of expectations that will be compatible with national potential, to provide housing over a given period, and also to promote administrative understanding of, and co-operation with, Government's housing programme.

Ultimately, the objective is to provide the opportunity for everyone to have access to a decent home, with a reasonable choice of owning or renting units that can be afforded.

## ● 2. ROADS, BRIDGES ETC.

The People's National Party views the provision of an acceptable network of roads and safe bridges as a vital component of the economic and social development of the nation. The decade of the 70s showed the PNP Government embarking on the most comprehensive road and bridge building programme in the history of the nation.

The PNP stands on its record of achievement and intends to continue its programme upon the formation of the next Government. The Party further recognizes the importance of adequate roads if it is to pursue its commitment to intensive agricultural activity in the areas of domestic food production and export crops.



The Public Works Department will have to play a vital role in ensuring that new roads are efficiently planned in a cost effective manner when opening new agricultural areas. Existing roads in traditional agricultural areas will have to be maintained at a standard where deterioration does not set in after a light shower.

The existing poor state of our sea defences, flood control structures (gully, drain) electrical and mechanical installations in our hospitals, will have to be addressed with a programme of repair maintenance.

The Public Works Department will have to be geared to meet these demands and as a result, the continuing deterioration needs to be arrested. The current organisation of the construction sector creates a high level of inefficiency, duplication of effort, waste of resources and unnecessary competition between public sector agencies. As a result, a re-organisation is being proposed to ensure that the Department has the implementing capabilities to undertake the massive tasks of rehabilitation, maintenance and construction envisioned.

### **RATIONALIZATION**

It is therefore proposed that the construction sector be viewed from the following three levels:-

- (1) **Primary:** Design and construction and maintenance of major infrastructure facilities such as roads, bridges, dams, sea defences, flood control channel, etc.

Responsibility for design, construction and maintenance of all public buildings and facilities.

- (2) **Secondary:** Project management for the construction and maintenance of public facilities.

- (3) **Tertiary:** Design, construction and maintenance of major social amenities such as schools and housing estates.

Based on the above proposal, the primary level, would be the responsibility of the Public Works Department. The Department would therefore be responsible as co-ordinating body, for all aspects of major public construction.

Planning and design undertaken by other Government agencies would be co-ordinated with the Public Works Department. The award of contracts would be overseen by the Contracts Award Committee ensuring compliance with Government contract award procedures.

### **03. PUBLIC UTILITIES AND TRANSPORTATION**

The Public Utilities' Ministry is seen as consisting of the separate functional groups of Public Utilities, Transportation and Communications.

The entities that fall under these functional groups are regarded as the responsibility of the Government. The services they provide are integrally linked to the infrastructure of the country, and critically linked to the development of the economy and society.

If left to operate on a private basis with profit being the sole reason for their existence, then expansion, particularly into the rural areas, would be stymied. These entities therefore that fall under the utilities should remain the responsibility of the Government and not be divested.

In the case of urban public transportation, it is felt that the private sector should continue to play the role it is now playing. A new PNP Government could seriously consider operating a sub-franchise "package" as a model unit. The Government, however, will have to exercise control over the system since finally the movement of commuters is Government's responsibility.

In regard to rural transportation the present position of private ownership should remain intact.

The communications group entities are owned by Government and should remain that way.

### **Financing and Rates Structure**

Operations subsidies are not desirable and the aim should be to maintain at least break-even positions. The rates for the utilities should be so set that development takes place, and services provided in the rural and uneconomic areas.

The constraints of finance and physical accessibility have to be tempered with realism. Some deep rural areas will not obtain services in the short run. Even so the provision of such services will be determined by the availability of financing and the viability of the entity providing the service.

In the aggregate sense therefore, there will be no direct subsidy except in the case of water to the deep rural areas. There are some areas — stand pipe and public tanks users — where there is no economically feasible way to charge for the water. Subsidies should therefore be limited to the users of such facilities.

Rates should be used to control the consumption of utilities (water and electricity). Monthly usage could be determined, and where consumption exceeds this pre-determined amount, the rates could then be increased commensurately with consumption, that is, the introduction of punitive rates.

Capital financing for the various entities should be measured against economic investment criteria. This cost should be included in the rates of the services written off over the life of the asset being acquired or over the life of the loan, whichever is more appropriate.

### ***Protection of the consumer***

Rates should be set and monitored by the Public Utilities Commission.

The most effective method of the entity. Operations will therefore be monitored by a rejuvenated and professionally oriented Advisory and Monitoring Unit located within the Ministry.

A Public Relations Unit will also be set up to foster communication and understanding between the public and the providers of the services.

## **Democracy and the Bureaucracy**

**GIVEN IT COMMITMENT TO A PHILOSOPHY OF DEMOCRATIC SOCIALISM**, the PNP places great emphases on the role of the public sector in national socio-economic developments. This question of the most appropriate and effective role for the public sector is of critical importance in all developing countries.

In Jamaica, this issue has assumed critical proportions, given the unco-ordinated and callous manner in which the JLP Government is carrying out its policy of reducing the size of the State sector.

Similarly, arbitrary decision-making which effectively ignores the views of any but a restricted group, has become widespread in the present administration with the Prime Minister being the worst offender. This development has continued with others to threaten the very bases on which many of our democratic institutions are built. It is within this context that we outline the PNP's policies toward the Public Sector, Local Government, Constitutional and Law Reform, and National Security.

### **●1. THE ROLE OF THE PUBLIC SECTOR**

A new People's National Party (PNP) Administration would recognize the critically important and pivotal role of the Public Sector in determining the direction and performance of the Jamaican economy, and in acting as the principal catalyst in the processes of social and economic change and development of the Nation.

The PNP is cognisant of the fact that the Public Sector is the only institution within the society which can effectively perform this role. However, as it is presently structured it is unable to achieve the level of performance, efficiency and creativity which is demanded in our present circumstances.

In order to be effective, the Public Sector must be restructured and must adopt new approaches, philosophy, methodology and its perception of its role, and in the way it seeks to relate to all groups and sectors within the society. Comprehensive reform is therefore the key element of PNP policy.

### **●2. ADMINISTRATIVE REFORM**

If it is to adequately fulfil the role ascribed above, the Public Sector will have to significantly improve its overall expertise and competence. Only so can it effectively discharge its specific responsibilities. Equally, it will have to streamline and improve its internal organi-

sation and structure to achieve greater efficiency and reliability in all areas of its operations.

The Public Sector must also gear itself to play the vital role of being the principal implementing mechanism through which all such policies, goals and strategies are managed. In short, it will have to be able to effectively carry out those responsibilities specifically assigned to it, as well as providing the overall co-ordinating, monitoring and evaluating functions which are critical to the success of a development strategy based on a "mixed economy" model.

Another critical aspect of Public Sector operations which requires urgent and far-reaching transformation is that of staff morale and competence. Public Sector employees at all levels, but particularly at the management levels, must be provided with the requisite environment which facilitates the achievement of greater degree of professionalism, individual competence, innovativeness, motivation and accountability.

### **PRIORITY ELEMENTS OF POLICY**

(a) A policy priority of the PNP shall be to extend and tighten and institutionalize various mechanisms of accountability within the Public Services generally — including the entire network of para-statal organisations. In addition, special attention will be paid to strengthening internal audit capability at the micro and macro levels. Systems will be designed to filter policy-relevant information to the public on a timely basis.

(b) It is PNP's policy to make the Public Service more ethically responsible and productive. To this end a leadership code, designed jointly by the Political Administrative Directorates, and applicable to both groups as well as to the leadership of Local Government structure, shall guide public managerial behaviour. Yearly work plans, designed in consultation with public servants and clients, and indicating priorities, resource requirements and timetable for implementation, as well as monitoring mechanisms will guide the process of public management.

(c) A phased programme of **Administrative Revitalization and Institution Building** shall be a fundamental element of PNP's policy. This policy requires simultaneous rationalization of ministerial subjects, and organisational structures. Among the policy details contemplated are re-organising Ministries according to the extent of their productive, facilitating, welfare/development functions: the decentralization of service counters and the refurbishing of the physical plant, especially those units heavily used by clients. A fundamental element of PNP's policy is the promotion of concrete strategies to eliminate waste and promote care of all public property.

(d) Overall revitalization of the Civil Service is, of course, the hub of PNP's policy. Thus, the entire programme of manpower training and recruitment and related strategies will be rationalized along lines consonant with national sectoral needs, preservation of Civil Service morale and motivation and allocation of staff positions shall not discriminate against local professional cadres.

(e) In the short term, PNP's policy is to establish certain national **TASK FORCES**, recruited from among public servants (and private citizens where necessary) to rationalize the relationship between the Office of the Services Commission and the Ministry of the Public Service; to review the Performance Evaluation System and existing Staff Orders as well as the Industrial Relations systems and practices within the Public Service.

### ●3. THE ROLE OF LOCAL GOVERNMENT

The PNP has traditionally advocated a strong and viable local Government system, and in its last administration it made a strong commitment to Local Government Reform which had as its objectives the granting of greater autonomy to Local Authorities, and the improvement of these institutions to make them viable and capable of managing their own affairs.

This commitment to a strong Local Government system is consistent with, and is an essential ingredient of the Party's philosophy of participation and mobilization of the entire population. The points which constitute the major objectives of the PNP's policy on Local Government are listed as follows:

- (1) To create a stable and secure Local Government system which will have a permanent position and a clearly defined role in the Governmental structure of the country. This will be achieved through the formal recognition of Local Government in the Constitution.
- (2) To review and improve the political administration of the KSAC and the Parish Councils. This will include the training of Councillors and the formulation of local policies and programmes by each Council, which will reflect the peculiar and special problems, goals and circumstances of their respective parishes.
- (3) To carry out such reforms and re-organisations as are necessary to facilitate greater autonomy for Local Authorities, and to improve their levels of efficiency, effectiveness and managerial capability.
- (4) To allocate independent resources of revenue to the Local Authorities, which will enable them to operate with a reasonable degree of autonomy.
- (5) To so structure Local Government that it can play a more vital role in achieving the Party's goal of developing greater and more meaningful participation for citizens in the governmental process. This will necessitate a close and organic link between Parish Councils and Community Councils, and a clear definition of their respective functions and areas of responsibility, as well as the relationship between them.
- (6) To carry out a major exercise to redefine and improve the relationship between Central and Local Government. The major objective of this exercise would be to achieve a more rational distribution of responsibilities and greater decentralization of decision making in respect of operational and local matters. On the other hand, it would seek to ensure more effective central control in regard to settling targets and standards, co-ordinating programmes and monitoring and evaluating performances and results.

### ● (4) CONSTITUTIONAL REFORM

The People's National Party remains committed to a participatory programme of Constitutional Reform.

The bi-partisan discussions which have taken place so far in relation to the Constitution have resulted in a stated consensus on certain matters. These are:

- (a) The abolition of the Monarchical System and its replacement by a Republican System.
- (b) The entrenchment of the Electoral Commission and the electoral regime in the Constitution.

- (c) An examination of the legal rights of women with a view to abolishing the inequality between sexes.
- (d) A careful examination of the property provisions of the Constitution and its effect on Government's ability to secure property for development with a view to effect change.

There are, however, other areas in which the PNP advocates further action. These include more sovereignty, more democracy and humanity, and it is in this context that its policy is outlined.

### 1. More sovereignty

- a. The present Constitution is the Second Schedule of an Order in Council of the United Kingdom. Measures should be taken to make our Constitution a Legislative Act of the Parliament of Jamaica.
- b. It should be expressly forbidden for foreign military, naval or air bases to be established in Jamaica in times of peace.
- c. We should determine a policy on citizenship and make a careful study of the effect on sovereignty of dual citizenship, and the fact that naturalized citizens at present cannot have their citizenship terminated.

### 2. More Democracy

- a. Recognition should be given in the Constitution to the role of Parish Councils and other institutions of Local Government.
- b. We should give careful consideration to the concept of the right to recall an elected person for non-performance or other specified cause, with clearly thought-out procedures as to how that right be exercised and how the mechanism for recall is triggered.
- c. Careful study should be made of the powers and responsibilities of Ministers and their relationship to the Commissions established in the Constitution.
- d. Constitutional recognition should be given to political parties.
- e. Consideration should be given to changes necessary to make the reform or amendment of the Constitution less difficult with particular reference to the entrenched clauses.

### 3. More Humanity

- a. The right to work and the right to shelter should be incorporated in the fundamental human-rights provisions of the Constitution.
- b. The right to citizenships of persons born outside Jamaica, should depend not only on the place of birth of the father, but alternatively on the place of birth of the mother.
- c. The provision in the Constitution which protects laws and measures in being before the coming into effect of the Constitution, and saves them from being unconstitutional regardless of how inhuman these laws and measures are, should now be deleted.
- d. Protective provisions should be enacted to enforce the respect for private and family life which is stated in the Constitution as a fundamental right.

- e. The definition of discrimination in the Constitution is at present too restricted, and should be amended to relate it to cover the wider range of discriminatory acts which take place in the Society and more specifically to discrimination on the ground of family relationship.

## ● LAW REFORM

It is imperative that any country like Jamaica which has emerged from a colonial status, should embark as early as possible on a comprehensive review of its laws.

We are now at the stage where the necessity for a permanent Law Reform Institution is obvious, since the Law Reform Division has not been able to, and is not structured to pursue the detailed and continuous review which the Law Reform exercise requires.

### Family Law Reform

The People's National Party policy with respect to the reform of the Family Law has been partly implemented with the establishment of the Family Court.

The work has already been done from which the policy can be further extended with regard to:

- a. The enactment of inheritance (Family Provisions) legislation which will allow the Court to award maintenance from the estate of a deceased to his dependents, despite any provision in the Will of the deceased. Such dependents would include a person now known as a "common-law wife".
- b. The reform of the Divorce Laws to provide for a single ground for divorce.
- c. The reform of the Laws as to the distribution of property between spouses on the break-up of the marriage relationship, so as to achieve equity, and the recognition of a wife's contribution, not necessarily financial, to the build-up of the family's financial resources.
- d. The recognition by the Law that "common-law wife" may contribute to the build-up of the financial resources of her male partner and the provision thereof of legislation which can deal with the distribution of property on a break-up of the "common-law" relationship.
- e. The enforcement of Court Orders made in Jamaica in family matters in other countries outside the jurisdiction of Jamaica.

### Criminal Justice

The Criminal Law in Jamaica requires a complete review which should be carried out at the same time as the exercise of the codification of the Criminal Law.

The Laws relating to evidence have not kept pace with modern needs, and often the establishment of criminal guilt in the Courts is frustrated because the technological evidence necessary for proof is not admissible under our present Laws, because at the time these laws were promulgated, the technology was non-existent and could not have been anticipated.

The greatest obstacle in the path of evolving an effective criminal justice policy is ignorance and, therefore, there is the immediate need is for a Criminal Justice Research Unit, the function of which is to obtain this information to study and analyse it, and to recommend the solutions. The information coming out of such a Unit would be invaluable in national planning.



There are large areas of the Criminal Law which have evolved out of slavery and colonialism. These need to be removed from our Statute Books as being oppressive to the mass of poor people in the country.

### **The Judiciary**

In respect of our present Court structures, the following recommendations are made:

- a. The establishment of Community Courts presided over by laymen (Justices of the Peace) which will deal with community matters.

### **Legal Aid**

The theory that all persons are equal under the law loses its credibility when we consider the large proportion of our Society which is unable to afford legal services.

The People's National Party's policy in this area will be to encourage and support a proliferation of Legal Aid Clinics which provide legal aid services in civil, as well as criminal matters, and the merger of all the sources of legal aid funding under one Legal Aid Council.

Large areas of the Law have to do with what is known as Lawyers Law.

These rules can affect the outcome of the trial, since they determine what is admitted to the Court and what is not. Their effectiveness can make all the differences between an opportunity being given to the Judge to arrive at the truth, or the rules manipulated to exclude the truth.

These areas will be reviewed and reform so as to be made relevant to the condition of today.

## **● 5. NATIONAL SECURITY**

The spectre of crime continues to mount in Jamaica and to threaten the very fabric of the Society, and the economy. Not only do crimes create an atmosphere of insecurity and fear, but they represent a serious drag on the public purse and become a burden on an already overtaxed economy.

It would appear too that the situation is deteriorating rapidly. According to the Economic and Social Survey for 1984 the increase in violent crimes has exceeded that of crime in general, and some new areas of crime are emerging.

Recent reports in the Press, for example, suggest a massive increase in drug trafficking.

Another important aspect of the current threat to our national security concerns the mounting levels of corruption evident in many areas of public life, including some sections of the Security Forces. Inflows of contraband and uncensored commodities rob the public treasury of needed funds, padded contracts impose unnecessary costs on an already depleted Government budget, and criminal law enforcement officers compromise the public's trust in official institutions and thereby hinder general efforts to control crime, and restore some modicum of public order and trust in the major governmental institutions.

In dealing with the problems mentioned, a future PNP Government will have to take some bold steps after dialogue with relevant bodies. It will first be necessary to re-examine and re-structure the entire recruitment system applicable to enlistment of members of the Security Forces and in particular the Police Force.

It has to be recognised also that there is a growing lack of confidence by the populace in the ability of the Police to



investigate matters involving other members of the Force. To this end then, there will be introduced, machinery which will be outside of the normal Police channels, to investigate offences allegedly committed by policemen against citizens. A future PNP Government will work towards changing the present perception that the Security Forces are for the purpose of protecting the interests of minority groupings within the Society.

Recent events related to the seizure of Air Jamaica planes have made it clear that a PNP Government must regard control of the ports of entry as a matter of extreme importance.

To this end the situation which now exists where the security at the ports of entry is in the hands of private security firms must cease. The official Security Forces will be in charge of security at all the ports of entry. Also to be given primary treatment is the control and restriction on the scope of operations of private security firms, as well as the extent to which citizens will be permitted to have sophisticated weapons.

A major national objective must be the reduction of anti-social behaviour: to this end a PNP Government will recognise the need for an effective integration of Security Forces with the society.

**It is recommended that:**

1. Where boards which are to be community oriented are to be named by the political directorate, then so far as is practicable, security personnel should be named thereto.
2. There must be a Public Relations Programme which is not merely cosmetic, but must be educational in nature, aimed all sectors in the Society.

The series of initiatives which are to be treated as priorities, are of course to proceed alongside the necessary long-term efforts to bring the Security Forces up to standard in equipment and training. As a matter of priority too, a programme of effective maintenance will be examined and implemented, in co-operation with the management echelons of the Security Forces.

## The People

**ONE OF THE BASIC POLICIES of the PNP since its inception has been to put major emphasis on social development. The Party, therefore, has always placed the development of our human resources as a fundamental issue within our over-all development strategies.**

Specifically, the Party has committed itself to the concept of education as a tool for social and economic development and has adopted an egalitarian approach in its development strategies. In addition, the concept of democratization has been the guiding principle behind a number of these initiatives.

The Party reaffirms its commitment to these basic principles, and strategies must be developed to halt the decay in the system which would inevitably lead to a collapse of our social and economic structures.

Four main concepts should inform the development of the system:

1. It should provide each person with a set of basic competence.

2. Each individual should be able to participate in his own changing society as a citizen, a worker, and a human being in harmony with his environment.

3. Each student should be able to "idolize the development of his country", that is, each student should understand the type of society he wants to build and be able to feel that he is a part of the development process.

4. The links between the education system and the Society must be consolidated, such that the Community becomes an integral part of the education process.

## **MANAGEMENT OF THE SYSTEM**

The participative theme along with improved monitoring and accountability should be used to guide the management strategies. Some recommendations are:

### **(a) National Advisory Council for Education**

Government should establish a National Council to be advisory to the Minister of Education. This Council will comprise representatives from a wide cross-section of interest areas. The Council while being responsive to the policies of the Government, may seek to influence these policies by independently identifying priority issues, and proposing implementation strategies.

The Government can utilize this forum for activities such as outlining policies, mobilizing community support and engaging in joint projects.

### **(b) Local Administration**

School Boards will have to play an even more vital role in the Management of schools. The democratization/participation theme will again be emphasized here with representatives from the community, teachers and students. While ensuring that School Boards are de-politicized, adequate orientation, and reinforcement training must be provided to ensure that developments at the local level are in harmony with national objectives.

### **Methodology of Implementation**

A PNP Government will seek to use as the basis of its implementation methodology the concepts of self-reliance.

● **PARTICIPATION AND INNOVATION:** Strategies which will be used include: (i) the shift system, (ii) work/study programme, (iii) the use of technology in education, (iv) education for science and technology.

### **Pre-Primary Level**

A high level of consciousness has developed here as the need for community mobilization to tap resources for meeting mounting costs in buildings, tuition, support services, etc. A future PNP Government will continue to support community initiatives for the provision of Early Childhood Education for all. These initiatives should involve the neighbourhood school concept and the use of para-teaching personnel as cost-saving but effective delivery systems.

### **Primary Level**

Some of the weak points at this level are:

- (a) Poor quality of outputs.
- (b) High student/teacher ratio.
- (c) A high percentage of untrained teachers.
- (d) Poor physical accommodation in some areas.
- (e) Difficulty in retention of staff.
- (f) Political appointment of School Boards.

### **Recommendations**

#### **(i) Output Quality**

Targets should be set for the improvement of the literacy and numeracy levels from this level. This will require the application of evaluation instruments between Grades 4 and 6.

#### **(ii) Class Sizes**

A maximum class size target of say thirty (30) should be established and strategies developed to meet this target in the medium and long terms. As a policy, additional funding should be directed at the 150-200 "disadvantaged" and "remote" schools located in deep rural and ghetto areas. A development plan for upgrading should be initiated to bring these schools up to a minimum standard.

#### **(iii) Untrained Teachers**

Targets should be established, or there should be a gradual reduction of the number of untrained teachers in the system.

#### **(iv) Retention of Staff**

Resources will have to be earmarked to attract and retain high calibre staff. A part from improved salaries, other strategies could include housing loans and similar incentive schemes.

#### **(v) School Boards**

Depoliticization of School Boards is strongly recommended. In addition, the Cluster Model is being proposed as a strategy for maximising the development of resources. In this model, a cluster of schools in a designated geographical location would be administered by one Board. Obviously this model can only be applied in those areas where community consciousness already exists.

### **The Secondary Level**

The long-term objective must be to develop an integrated secondary school level:

- (a) Entry to New Secondary Schools should be on the basis of merit - an examination at the end of Grade 6.
- (b) Transfers from High Schools should be encouraged for students with aptitude for Technical and Vocational disciplines.

### **The Tertiary Level**

The basic institutional resources for future growth are already in place. As a cost effective measure, our policy should seek to expand and rationalize existing institutions rather than build new ones.

### **Recommendations**

#### **(a) College of Jamaica**

The College of Jamaica proposal remains the best option advanced for rationalization the tertiary system. We support the concept of the loose confederation of colleges being linked into a single collegiate system with degree-granting status.

These colleges must play a pivotal role in a future PNP Government's development strategy. They must represent the most accessible section of the tertiary system in terms of geographical location, entry requirements and range of programmes. Accordingly, there will be a development programme for the establishment of at least one college in each parish outside the Corporate area and three within the Corporate Area.

A survey of existing education and training institutions will be conducted to identify those which should be upgraded to Community Colleges.

#### **(b) The University of the West Indies**

Perhaps the issue of greatest significance at this time surrounds the proposed restructuring of the U.W.I. The objective of the restructuring exercise is the decentralisation of the U.W.I. machinery in order to encourage closer links with the society within which it operates.

In light of these developments, we recommend the establishment of resources within the Ministry of Education to liaise more effectively with the U.W.I. to ensure that the new structure is utilized to its fullest advantage. For example, the UWI must become more actively involved in the development of tertiary education in the country.

#### **-Non-Traditional Institutions**

Institutions such as private education and training organisations, professional societies and public sector training colleges must be seen as potential resources in the development of tertiary education.

The UWI, College of Jamaica and Community Colleges will be required to develop appropriate mechanisms for liaising more effectively with these non-traditional institutions

#### **Special Programmes**

##### **(a) JAMAL**

This programme must retain its objective of eradicating illiteracy in the country in the shortest possible time. With envisaged improvement in the quality of output from the system, the JAMAL programme can be progressively reduced.

##### **b. Special Education for Handicapped Children**

We support the idea of joint efforts between voluntary agencies and the Government in developing strategies for dealing with these special cases.

#### **Educating for technology**

The key role of science and technology will be recognised at all levels of the education system. As a start, general courses in science and technology will be taught in Teacher Training Colleges.

Also, the UWI will be encouraged to introduce a compulsory university course on "Science and Technology in Development" for non-technical undergraduates.

#### **Technology in Education**

The cost effectiveness of technological aids, and in particular computer based systems must be noted. Subject to the availability of funds, such systems should be progressively introduced.

## **SPORTS AND PHYSICAL EDUCATION**

A PNP Administration will promote the view of sports as being fundamental to the development of the "rounded person". a general consciousness will be developed so that the knowledge of Physical Education and habits of sports become part of the cultural heritage of our people.

The current economic situations and the virtual certainty of further deterioration dictates a pragmatic approach to the funding of a sports budget and setting attainable goals within these limitations, and the following are proposals for a programme of Sports Development, for a future PNP Government. The methodology is to examine our Sports and objectivity list them in order of priority ensuring at all times that the broad masses of our people are totally involved in the process.

The Sports selected are Track and Field,, Football, Cricket, Netball, Volleyball, Basket, Table Tennis, Lawn Tennis and Boxing.

In identifying these sports the PNP Government will make it clear to other sporting organisations which might misinterpret the intentions, that all sports will be welcomed as long as they are people-oriented and will not impose any form of division.

### **Implementation Process as it involves Primary Schools**

Primary Schools have demonstrated over the years that they are totally interested in sports but, because of the lack of support, reached unbearable proportions. In every Primary School there are teachers who, apart from having to teach other subject areas, have always demonstrated that they are willing to take on the responsibility of ensuring that their school is represented in sporting activities.

A programme of workshops and seminars for physical education teachers at the primary level will be implemented on a zonal basis in order to reduce transportation and other cost factors. Schools will be grouped according to the following factors: (a) transportation system; (b) accessibility; (c) Topography; (d) proximity; (e) interests.

### **International Sports Relations**

At the international level, attention will be given to those athletes who have achieved a certain level of performance within the different sports disciplines, with a view of exposing them to as high a level of competition as possible.

Outside of the aspect of Sporting Competitions, the Government through the Institute of Sports will initiate overseas contacts with friendly countries with a view of securing help in developing our programmes.

### **Sports Medicine**

We propose the establishment of proper sports medicine facilities by the Jamaican Government. The aim is

to provide proper medical facilities for members of our National Teams within minimum financial expenditure, utilising the existing infrastructure in the Institute of Sports the G.C. Foster College and the Ministry of Health.

#### **Sports Goods**

With the high cost of sports goods, a way must be found to bring down the present cost of equipment. This will be approached by trying to secure less expensive sources and manufacturing locally, using available raw materials.

#### **TRAINING OF SPORTS ADMINISTRATORS, PHYSICAL EDUCATION TEACHERS AND COACHES**

Maximum use will be made of the G.C. Foster College to qualify and upgrade the skills of those involved in the training of our youngsters.

### **● LABOUR LEGISLATION AND REFORM PROPOSALS**

#### **1. Legislation**

- (a) The Law will be amended to establish the right to strike in cases where employer/employee relations are not clearly governed by collective Labour agreement. The French Principle in which a contract of service is suspended but not terminated in the case of a strike will be applied.
- (b) Lay-offs and redundancy will be strengthened and extended both with respect to notice and lay-off and compensation for redundancy.
- (c) Legislation will make it clear that the Government is subject to the Law.
- (d) Worker status in case of liquidation of companies will be improved.

#### **2. Industrial Dispute Tribunal**

- (a) Legal advice will be made permanently available to the IDI on a professional basis.
- (b) There will be an Industrial Court to hear appeals from decisions of the IDI in matters of: (i) Law, (ii) Discipline.

#### **3. Essential Services:**

- (a) A model contract will be designed for essential services covering such matters as job security, vacations, health coverage, pensions, etc.
- (b) The contract will include clear procedures for the settlement of grievances.
- (c) In return for these model conditions, essential services workers will surrender the right to strike, save and except where the rights of procedures themselves are abrogated.
- (d) In the event of (b) above, the right to strike will be restored but be subject to prior balloting.

#### **4. Labour Code**

The Labour Code will be revised to include sections on:

- (i) Internal union democracy.
- (ii) Health and job safety.
- (iii) Educational leave, etc.

This will include a Charter of Workers Rights.

#### **5. The Ministry of Labour**

The Ministry of Labour will be reorganised to provide:

- (a) Decentralised unemployment registration offices.
- (b) Decentralised services.
- (c) The Labour Advisory Council will be revised on a tri-partied basis.

#### **6. Worker Participation**

- (a) A worker participation unit will be revised in the Ministry of Labour.
- (b) Worker Participation models will call for emphasis on shop floor participation as a basis for a pyramid structure in the various relevant levels ending with membership of the Board of Directors.
- (c) There will be a Worker Participation Council charged with guiding developments.
- (d) There will be Labour Legislation providing for the right of workers to vote upon worker participation. This will require employers to respond in good faith if the vote is favourable.
- (e) There will be a code leading to worker participation indicating possible models, and calling for co-operation. This code will speak to the importance of equity participation as one of the primary objectives of worker participation itself.

**7. In addition to the above, there will be a general overhaul of the Labour Legislation in light of our experiences. This will be carried out jointly with a reactivated Labour Advisory Council.**



## **NOTE**

**Policy Documents on Health, Pensions, Social Security and Culture are in the final stages of consideration by the National Executive Council of the Party.**

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**The Section on the MEDIA is not included in this supplement, due to the fact that it has already been widely published in the Media.**

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CSO: 3298/149

MEXICO

RANGE OF VIEWS ON MEMBERSHIP IN GATT EXPRESSED

Nuevo Leon Governor Favors Entry

FL131854 Mexico City NOTIMEX in Spanish 1600 GMT 13 Nov 85

[Article by Ramon Zurita]

[Excerpt] Mexico City, 13 Nov (NOTIMEX)--The solution to Mexico's economic problems is to increase exports, to which end Mexico should take advantage of its proximity to the world's biggest market, and the most direct way to do so is to enter the General Agreement on Tariffs and Trade [GATT], Jorge Trevino Martinez, governor of the northern state of Nuevo Leon, has said.

In Mexico, quality control exists in the manufacturing process. Mexican products are highly competitive, and raw materials and labor costs are cheaper than in other nations, he added.

Speaking clearly in support of Mexico's joining GATT, Trevino Martinez said that, prior to joining, Mexico must determine the needs of the countries that belong to GATT. Nevertheless, he said, no one should fear such a step because the nation has sufficient production facilities, and businessmen have faith in their country and in the government, for which reason they are willing to increase their inventories if they have access to markets.

Trevino Martinez, lawyer, former federal deputy, and governor of Nuevo Leon for the past 74 days, has explained that some of the fear of GATT has its origin in a lack of knowledge about GATT. GATT, he said, far from hurting the country, will benefit it if we have access to appropriate markets in which to sell our products. Membership in GATT will make it possible to create jobs and will attract foreign capital to Mexico, the governor of Nuevo Leon said. He also said that foreign participation is necessary and that it can be used in Mexico to create new enterprises and in existing assembly and manufacturing plants.

In Nuevo Leon, he said, 4.5 percent of all investment comes from abroad, and this has made it possible to create more jobs and technological knowledge without making us dependent on foreigners.

### Under Secretary Favors GATT

FL140302 Mexico City NOTIMEX in Spanish 0036 GMT 14 Nov 85

[Excerpt] Mexico, 13 Nov (NOTIMEX)--High competitiveness and national products costs make necessary that Mexico join the GATT Parastate Manufacturing Industry, Under Secretary Mario Barreiro Pereda has said.

He asserted that domestic products are competitive at the international level, thus there is no reason to oppose Mexico joining the GATT.

During a meeting with the industrial development commission of the Chamber of Deputies, the official stressed that domestic goods such as steel, paper, fertilizers, sugar, chemical and petrochemical products are far below the average prices existing in the international market.

### Industrial Development Secretariat Support

FL150411 Mexico City NOTIMEX in Spanish 2250 GMT 14 Nov 85

[Excerpt] Monterrey, Mexico, 14 Nov (NOTIMEX)--Mexican businessmen's support for Mexico to join the GATT has increased, the Commerce and Industrial Development Secretariat asserted today.

Foreign Trade Under Secretary Luis Bravo Aguilera said, however, that the Senate and the People's Forum will be the ones to have the final word on the matter.

### Canacintra Reservations

FL142306 Mexico City NOTIMEX in Spanish 2000 GMT 14 Nov 85

[Text] Mexico City, 14 Nov (NOTIMEX)--Gilberto Ortiz, director for Economic Studies of the National Association of the Manufacturing Industry, Canacintra, has said Mexico is being strongly pressured from abroad to join the GATT.

The official explained that the regulatory foreign trade bill is in conflict with the agreement's requirements which advocate free trade. Because of this, modifications to different parts of the law would have to be made if Mexico joins the GATT.

He said that formerly the problem has been handled with decrees and pointed out the need to define protection mechanisms regarding official prices.

Finally, he added that the damage appraisal of government export subsidies are valid only when there is evidence that the damage already took place. However, handling of information regarding this matter is still very deficient.

### Varied Measures of Support

FL151628 Mexico City NOTIMEX in Spanish 0205 GMT 15 Nov 85

[Excerpts] Monterrey, Mexico, 14 Nov (NOTIMEX)--Mexico should join GATT soon, the president of the National Foreign Trade Council (Conacex), Fernando Gomez Gomez, has said. While participating in the 18th national foreign trade convention, the official said that for Mexico to enter GATT it is vital that it have a broad-based team properly advised by the production and foreign trade sectors, including the private sector.

The president of Conamex [expansion unknown] de Occidente, Jose Tello Sanchez, said Mexico should participate in the next round of GATT negotiations and that Mexican membership in GATT should be limited to those aspects of greatest interest to the national economy. He said multilateral negotiation is more beneficial because concessions can be obtained from several nations, whereas in bilateral negotiations the resulting payments are always higher.

### Warnings From Opposition

FL151658 Mexico City NOTIMEX in Spanish 1405 GMT 15 Nov 85

[Text] Mexico City, 15 Nov (NOTIMEX)--While deputies of the governing Institutional Revolutionary Party (PRI) have spoken in favor of Mexico joining GATT, opposition legislators have voiced their disagreement with such a step.

Socrates Rizo, PRI deputy and secretary of the Secretariat of Finances' Audit Office, said the eventual decision to join GATT must come slowly. This affirmation was supported by PRI Deputy Homero Diaz Cordoba, who said that a least 10 years would be needed to make the necessary adjustments in Mexican industry.

Deputies Rizo and Diaz Cordoba said that Mexico's joining GATT would not harm national sovereignty because Mexico produces competitive articles that would enjoy good acceptance in other countries that belong to GATT.

Jesus Gonzalez Schmall, coordinator of the Council of the Conservative National Action Party (PAN), said small and medium enterprises would be greatly harmed if Mexico joined GATT. He said Mexican industry is very weak and would be unable to compete with the great international consortiums. He said employment would be affected and that this is not the time to be considering joining GATT. He said support must be given to national industry.

Leftist Deputy Manuel Terrazas, of the Leftist Unified Socialist Party of Mexico, said the decision to join GATT would not have the support of most Mexican workers.

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CSO: 3248/71

MEXICO

BRIEFS

C. RICAN OIL PAYMENT--Mexico City, 13 Nov (NOTIMEX)--Costa Rica today paid Mexico \$4.6 million it owed for oil shipments delivered within the framework of the San Jose Accord, the finance secretariat has announced. Costa Rican Finance Minister Porfirio Morera Batres and his Mexican counterpart Jesus Silva Herzog signed here the agreement regulating financial relations between the two countries which had been interrupted because of the aforementioned oil debt. The signing of the document will allow Mexico to continue supplying oil to Costa Rica, within the framework of the San Jose Accord in which Costa Rica is included. During the signing of the document, both officials indicated their government's willingness to sign in 1986 at the Costa Rican capital a bilateral agreement on financial technical assistance. The agreement's aim will be to exchange experiences on subjects related to the foreign debt, development financing, and financial and customs policies, among others. [Text] [Mexico City NOTIMEX in Spanish 0032 GMT 14 Nov 85 FL] /6662

CSO: 3248/71

NICARAGUA

TRANSPORTATION PROBLEMS EXPLAINED

PA221814 Managua LA PRENSA in Spanish 19 Nov 85 pp 1, 10

[Text] Zacarias Corea, director of the Transportation Ministry's Planning Office told the National Assembly's Transportation Commission that the most serious problems local transportation is facing are a shortage of spare parts, repair shops, workers, who in most cases have no technical training, in addition to the fact that most vehicles are not just old models but really obsolete.

Corea said that the country has some 1,600 km of paved roads in very poor condition and that these roads link ports, airports, and railroad stations.

In relation to the total number of vehicles in the country, Corea said that of 75,123 registered vehicles, some 22,600 are broken down, which represents 30 percent. He said that the situation is extremely serious because in this field we depend on the capitalist countries. Approximately 65 percent of vehicles in our country are made in the Western world, Corea said.

Expanding on the state of the vehicles in the country, Corea said that there are 85 different makes of vehicle of different years and models. From Japan alone we have 48 percent, led by the Japanese transnational Toyota.

Although he did not mention the number of state-owned vehicles, Corea admitted that 25 percent of state vehicles are broken down. Regarding the number of trucks in the country, Corea said that of 8,000 registered trucks, only 6,000 are running. Most of the vehicles to 10 years old, Corea indicated. About 49.6 percent are 7 years or older, and 72 percent are over 5 years old, he added.

Therefore, Corea said that in 1985, approximately 50 percent of the vehicles in the country had been in use for more than 10 years, a period of time that in other countries is considered unsafe, and such vehicles are taken out of service. He said that from 1980 to 1984, Nicaragua authorized the importation of 20,000 vehicles and that it should be seriously thinking of a plan to renew the units used for land transportation. We must import approximately 1,100 vehicles annually in order to reach former levels, Corea pointed out.



This means that during the next five years, 1986-1990, Nicaragua will have to accept the fact that it will have to change the purchase of its vehicles from Japan or the United States, to purchase from socialist countries or from countries behind the iron curtain, involving more than 30,000 vehicles. We urgently need to import 5,000 vehicles in 1986; 5,500 in 1987; 6,050 in 1988; and 7,620 in 1990.

Regarding urban transportation, one of the sectors most affected by the vehicle deficit, Corea estimated that in 1990, Managua will have a population of 1,290,000. Corea said that some 550,000 persons are transported in 650,000 trips daily, but approximately 175,000 persons are being deprived of transportation because of the vehicles shortage.

To face this dramatic situation, Corea said that 485 buses have been registered this year, but only 264 are functioning. This problem is harming the country's economy because the workers are arriving late to work, and the people are also dissatisfied with the service because they can find no transportation.

Regarding taxis, another badly hurt sector, Corea said that of the 1,426 registered taxis in 1985, only 1,020 are running, and for some reason 406 are not operating, which means that every day some 35,000 persons are having difficulty getting transportation. He said that most taxis have been in service for 12 years, and to this we add the shortage of spare parts, tires, and poor maintenance, which causes complaints about the service.

Referring to the suburban bus service, Corea said that there are 189 small buses running 68 routes to suburban areas of Managua. Each of these buses usually carries 30 passengers over the bus' capacity, Corea indicated. To have an idea of the problem caused by the shortage of buses, Corea said that in 1981 a total of 52,400 passengers used these buses and that in 1985 the number of passengers using them is 49,300.

Corea also talked about the state of the railroad which is not functioning from Leon to Corinto since the INFER [not further identified] project was suspended, because the railroad tracks were torn up. He said that railroad transportation should have more support because its cost is more reasonable. Of the 36 trains we have, only 14 are operating, and they have been running for more than 25 years, Corea pointed out. He added that before undertaking any further project, the construction of Quezalguaque Bridge must be resumed, and a new railroad bridge over the Paso Caballo marsh must be built. He said that the bridge connecting Corinto and Chinandega is deteriorating because there is no control over the heavy cargo and equipment crossing the bridge.

Corea also referred to the poor state of domestic and international air service. He said that the Cesar Augusto Sandino Airport "is working at its maximum capacity" and the lighting system of its landing strip is deficient. There are only 11 other airfields, in poor condition, without adequate terminals, and with landing strips that are too short for certain uses.



Regarding navigation, Corea said that there are 183 privately owned boats used for lake navigation; 13 boats owned by the Nicaraguan Shipping Company, ENICAB, and 7 by the Nicaraguan Navigation Company, NANICA.

He said that in Nicaragua only the following ports are functioning properly: Corinto, San Juan del Sur, the Augusto Cesar Sandino Airport, Potosi, Puerto Cabezas, Benjamin Zeledon, El Bluff, Arlen Siu, and the lake ports of Moyogalpa, San Carlos, San Jorge, and others. He said that the port of Arlen Siu--previously known as Puerto Esperanza, in El Rama--has been targeted for development to the level of the port of Corinto, to promote trade with eastern countries and avoid paying foreign exchange for transit through the Panama Canal.

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CSO: 3248/105

NICARAGUA

SANDINIST REPRESSION OF RELIGION REPORTED

PA240355 Panama City LA PRENSA (NICARAGUA HOY supplement 16 Nov) in Spanish 23 Nov 85 p 1

[Text] Our correspondents in Managua have reported that the Sandinist military regime has increased its repressive measures over the civilian population.

The latest two measures implemented by the feared State Security are to send to prison anyone whom the Sandinist Defense Committees accuse of listening to Radio Impacto of Costa Rica. The other measure is that all charismatic groups are forbidden to hold meetings to pray to the Lord. The State Security has told them that under the current state of emergency, such meetings are suspended and that those that disobey this order could find themselves in the already crowded Sandinist prisons.

The State Security police arrested five evangelist preachers for several hours, who were participating in a nationwide prayer crusade.

According to sources close to Managua's Evangelist Church, the pastors were stripped of their clothes, they were photographed facing the camera and in profile, and their finger prints were also taken.

Jimmy Hassan, brother of Moises Hassan, the mayor of Managua, was among those arrested.

The members of the Baptist Church of Nicaragua, afraid of being arrested, refused to comment on these arrests, which apparently were carried out to discourage the practice of the Protestant religion, which is common in various Managua neighborhoods.

Meanwhile, a young man from the coast, who managed to dodge the military posts, arrived in Puerto Limon, Costa Rica, where he told NICARAGUA HOY that the repression against the creole youths in the Atlantic coast of Nicaragua has increased.

For example, in Bluefields, 25 youths were recently arrested and sent to prison accused of evading the obligatory military service, David Pelclas told NICARAGYA HOY.

He said that Carlos Molina, Kalvet Salomon, Rayan Tucker, George Johnathan and seven other youths, whose names he did not remember, were illegally arrested in Tasba Pawni.

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CS0: 3248/105

NICARAGUA

EDITORIAL ON LACK OF AVAILABLE CONSUMER GOODS

PA221531 Managua EL NUEVO DIARIO in Spanish 8 Nov 85 p 2

[Editorial: "The Aggression Is No Explanation for the Lack of Supplies]

[Text] Since the CAT [Workers' Supply Centers] began operating a few months ago, the workers have been unable to find items there for daily use such as clothes, shoes, etc. So far no one has given a reasonable and coherent explanation. Not one single understandable reason has been given to explain this fact.

What has happened is that there has been some sort of "passing the buck" among the enterprises that supply MICOIN [Ministry of Domestic Trade] and the CAT's. Many of these enterprises are state-run.

It has been said, for example, that what happens is that there is a low production of clothes and shoes for adults, that the production levels are not in line with the agreements signed by MICOIN and the CST [Sandinist Central Organization of Workers], etc.

Meanwhile, the industrial sector says that it is not true that it is producing only clothes for children and noted that Tricotextil, for example, is producing large amounts of underwear, in all sizes, and that the problem is that something called DINATEC [no expansion given] in this sea of acronyms that the state has created, is not paying for the articles and is not withdrawing those it has in store.

Explanations come and go and contradict each other. They are given by the institutions involved in this situation. The truth, however, is that the workers cannot find the articles they need for their homes in the CAT's but can find plenty of them, at very high prices, in the black market, which proves that this is a problem of distribution and not of production.

This situation is not related to the very brilliant idea of selling one pair of pants, one shirt, and two pair underwear every 6 months per family, which on the average has 5 or 6 members.

All this leads to the conclusion that several months after the creation of the CAT's, the people are still being swindled by the parallel-market speculators because they cannot find needed articles in the establishments that were created precisely to defend the real salary of the workers in a period when the food bill alone takes most or all of their paycheck.

An official in the industrial sector provided truly surprising information when he said that one of the demands being satisfied is one for undershirts made by mass organizations.

This information was really surprising because we did not know that the mass organizations have moved into the clothes business, considering that the so-called sure channels are in charge of that.

Either MICOIN or the industrial sector definitely have to do something to eradicate these anomalies that affect not only efficient supply to the working people but also the people's economy. In the meantime MICOIN must give explanations if there are problems that the people ignore because the situation noted here apparently is related neither to the war nor to low production, since the articles that cannot be found in the CAT's or that are available there only at the beginning of each month, can be found in abundance in the speculators' market.

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CSO: 3248/105

NICARAGUA

MINISTRY REPORTS MEMBERSHIP IN FAO COUNCIL

PA290059 Managua Domestic Service in Spanish 0300 GMT 28 Nov 85

[Report from the Communications Directorate of the Ministry of Agricultural Development and Agrarian Reform, MIDINRA, read by unidentified MIDINRA official]

[Text] During the 23rd decisionmaking session of the world FAO Conference held in Rome, Italy from 9-28 November 1985, Nicaragua was elected, for the first time in the 40 years of existence of that organization, as a full member of the FAO World Council. It will occupy that position from 1985-1988.

To achieve this position, Nicaragua received the solidarity of numerous member countries, including Canada, Mexico, Argentina, Brazil, India, Peru, and Zimbabwe.

The election took place in two phases; in the second phase, our country received a total of 74 votes. We must point out that only 63 votes were needed to be elected. Nicaragua received this distinction because the production of food is a priority within the government-promoted economic development strategy. In this way, we have been developing a number of projects and programs to achieve food self-sufficiency for the Nicaraguan people, in keeping with FAO objectives.

Among those programs we can list the following: the basic grains plan, the promotion of milk production, the popular mobilization program to achieve self-sufficiency, and the establishment of the Nicaraguan food program.

After the triumph of the revolution, through efforts of the revolutionary government, the FAO established an office with a permanent representation in our country in 1982. Nicaragua was elected host of the 17th continental conference that year. Commander of the Revolution Jaime Wheelock Roman, MIDINRA minister, was the president.

The election of Nicaragua to the FAO World Council is an acknowledgement by all participating countries of the militant Nicaraguan effort in the development of agriculture, implementation of agrarian reform, and its outstanding plans to improve the nutrition of the people.

The Food Security Pact, which is a virtual code of behavior and action for all countries, was also approved. Undoubtedly, this was also a Nicaraguan victory because the prohibition of the use of food as a tool for political pressure was accepted as a principle to be advocated by the FAO. In fact, Nicaragua was the first country to advocate worldwide adoption of this principle by the FAO and all international food forums.

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CSO: 3248/105



## NICARAGUA

### BRIEFS

SOVIET GRAIN SHIPMENT--The Soviet people and government donated 20,000 sacks of corn and 30,000 sacks of rice to Nicaragua to help compensate for the country's current basic grain shortages. The shipment arrived yesterday at the port of Corinto, in Region 2, with products that will be distributed among the people according to their needs. [Text] [Managua Radio Sandino in Spanish 1200 GMT 25 Nov 85] /9738

CSO: 3248/105

ST CHRISTOPHER/NEVIS

DIVISIONS IN PAM ALLEGED BY LABOUR PARTY ORGAN

Basseterre THE LABOUR SPOKESMAN in English 21 Sep 85 p 10

[From the anonymous column "Dem Say That..."]

[Text] The division in the Simmonds government is now so notorious that even members of PAM are forced to comment on it in public. At the so-called "Independence" youth consultation at the Basseterre High School auditorium on Monday night--which was attended by a very small number of youth leaders--Dr Kennedy Simmonds, Richard Caines, Hugh Heyliger and Constance Mitcham sat together on one side, while Michael Powell, Sydney Morris and Roy Jones sat together on the other side.

Many PAM supporters from the East are quarrelling because Michael Powell was left out of the special "Independence Issue" released by the "Daily Nation" newspaper earlier this week. Powell's picture did not appear and there was no interview with him, but several pictures of Hugh Heyliger, and several stories about him, were printed. Dem say dat Heyliger will soon be appointed Deputy Prime Minister in Powell's place.

As if to add fuel to fire, Powell conveniently sat by himself, away from the other Ministers in the Simmonds government, at the so-called "Independence Day Parade" at Warner Park on Thursday morning. The PAM trumps never liked it so at all, but there was nothing they could do.

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CSO: 3298/121

ST CHRISTOPHER-NEVIS

SIMMONDS ANNOUNCES RESTRUCTURING OF SUGAR INDUSTRY

FL081820 Bridgetown CANA in English 1705 GNT 8 Nov 85

[Text] Basseterre, 8 Nov (CANA)--The loss-making St Kitts-Nevis sugar industry is being rationalised to cut costs, and one of two state agencies responsible for running it will be closed, Prime Minister Dr Kennedy Simmonds announced here last night. He said legislation was underway to make provision for an employment injury benefit scheme and for the job protection.

Government, Dr Simmonds said, would abolish the Sugar Levy Act of 1975, which has been identified as a major cause of the financial difficulties in the industry.

The reorganisation plan, the prime minister said in a radio broadcast, was to [be] based on a study conducted here last year.

Simmonds sought to dispell fears that the industry would close because of continuing losses since 1982.

What would be abolished, he said, was one of the two corporations now running the industry--a recommendation coming out of the study.

Simmonds said government would close the National Agricultural Corporation (NACO) which controlled the field side of the industry, and transfer its functions to the St Kitts Sugar Manufacturing Corporation (SSMC), which now controls only the sugar processing.

Every effort will be made to avoid displacement of workers in the industry, the prime minister said in his half-hour broadcast.

Dr Simmonds expressed concern about one recommendation in the industry survey report concerning a large overdraft outstanding at the national bank here.

The report recommended that the only solution is for the government to assume the liability (for it), releasing NACO from its obligation to the bank. The prime minister said that while the recommendation did not face the issue realistically, his government has agreed that it will take over responsibility for NACO's overdraft and that we will guarantee to the national bank that we will pay...over time. The size of the debt was not given.

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CSO: 3298/121

ST CHRISTOPHER-NEVIS

BRIEFS

FORMAL OAS TIES--Basseterre, 9 Nov (CANA)--St Kitts-Nevis and the Organisation of American States (OAS) have signed an agreement here formalising relations between the twin island state and the Washington-based hemispheric body. Initialling the pact were the OAS resident ambassador Belden Bell and Prime Minister Kennedy Simmonds. Dr Bell described the agreement as merely the final step in augmenting an association which has already been active and hard at work on a day to day basis. The OAS ambassador, who took up residence here last June, complimented St Kitts-Nevis for shouldering its financial responsibilities to the organisation and committed the organisation to helping with the big job of improving the quality of life in this twin island state. In a brief reply, Prime Minister Simmonds said that St Kitts and Nevis regards its membership in the OAS not only as one from which we can derive benefits but as one in which we must discharge our responsibilities. [Excerpt] [Bridgetown CANA in English 1736 GMT 9 Nov 85 FL] /9274

CSO: 3298/121

ST VINCENT AND THE GRENADINES

MITCHELL, WILLIAMS MEET WITH NDP MEMBERS IN UNION ISLAND

Kingstown THE VINCENTIAN in English 11 Oct 85 p 6

[Elvis Ollivierre column "News From the Grenadines"]

[Text]

Chairman of the support group of the New Democratic Party in Union Island Percy Cox, described discussions held with Prime Minister James Mitchell and the Minister of Communications and Works Burton Williams as "fruitful." He said the talks were aimed primarily at improving conditions in Union Island in regard to Tourism, Fishing and Sanitation.

Cox pinpointed some areas where careful attention needs to be applied if Tourism is to be encouraged. He said adequate public facilities such as toilets, urinals and water supply should be established. The Chairman said the lack of a proper drainage system was affecting the flow of water out of Ashton and this was brought to the attention of the Minister of Communications and Works.

Discussions were also held on the idea of dredging the sand out of the Ashton Harbour Cox said. Meanwhile the support group is in process of re-grouping members mainly into the managerial positions according to Cox. He said efforts to build the group numerically is also a major objective.

The Union Island NDP support group was formed earlier this year. It comprises members from Ashton and Clifton.

[portion omitted]

defined area in the village.

A spokesman from the school told The Vincentian that the first batch of students will move to the building soon. The Lower Bay School caters for children with and without disabilities. About one hundred students are attending. According to an official of the School, the assistance of parents was greatly appreciated since it had helped to economise.

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CSO: 3298/122

ST VINCENT AND THE GRENADINES

BRIEFS

CANADIAN AIRPORT AID--St Vincent and the Grenadines is to receive 1 million Canadian dollars to help develop its airport. The allocation is part of the regional projects worth 16 million Canadian dollars. St Vincent's minister of communications says the amount will be used to upgrade facilities at both of his country's airports. [Text] [Bonaire Trans World Radio in English 1130 GMT 17 Oct 85 FL] /9274

CSO: 3298/122

TURKS AND CAICOS

PAPER AGAIN SLAMS UK 'EXPERTS' WHO TRY TO DIRECT ECONOMY

Grand Turk TURKS & CAICOS NEWS in English 26 Sep 85 p 4

[Editorial]

[Text]

OUR front page this week carries the story of another British official who was sent to the islands to advise our government on how revenue should be raised for the development of the Turks and Caicos Islands.

We have said it before, and we are repeating it again. We are thoroughly sick of these visiting "experts" who come to the islands, spend a few days and blossom into instant authorities on island affairs.

It seems to us like just another smokescreen from the Foreign Office to obscure the real problems that impede the growth and development of these islands.

Our latest visiting expert, Mr. Des Cohen, Fiscal Advisor to the British government, recommends the introduction of a land tax as the centrepiece of his revenue-generating strategy for the Turks and Caicos Islands.

Nothing could better illustrate our point about how disconnected these so-called experts are from local realities.

Perhaps the very last thing that we need in the islands right now is the mention of additional taxation in any shape or form for this already over-taxed, impoverished British Protectorate.

Investors, and locals alike, are tired of the government's blood-out-of-stone approach to solving its financial problem.

The fact of the matter is that the Turks and

Caicos need **more** development and **not** additional taxation. And what continues to appall us is that every project that had the potential of solving the government's economic woes, was either flatly rejected or subtly discouraged when it reached London.

We are heartened by Mr. Cohen's promise that his recommendations for increasing revenue will not jeopardise the island's status as a tax-free destination. However, we think the government's recent increases in duties, fees and new taxes have already come perilously close to doing just that.

We cannot help but wonder out loud just how serious Britain is in seeing these islands achieve full development. For too long now the Turks and Caicos have been the poor boy among Britain's few remaining colonies in the Caribbean. Other colonies, such as the Cayman Islands and Bermuda have done extremely well under the British administration. It seems to work for them. But we are sure that even the British well agree that the system has not achieved for us the measure of success that we have hoped for over the last several years.

There is a secret feeling among many natives and even among some of our leaders that the British would like to be rid of us. We are far from being ready to make it on our own, but perhaps it is time for us, as a people, to consider what options there may be in the pursuit of our dream for national development and self-sufficiency.



VENEZUELA

# TRIPARTITE COMMISSION TO STUDY SALARY INCREASE REQUEST

Caracas EL DIARIO DE CARACAS in Spanish 25 Oct 85 p 24

[Article by Florencia Tovar R.]

[Text] This week the Tripartite Commission group will meet to take on the difficult task of studying the petitions presented by the Confederation of Venezuelan Workers (CTV) requesting a general wage hike. The announcement was made by Labor Minister Simon Antoni Pavan.

Although Minister Pavan declined to characterize the demands of the labor sector, he indicated that they were fair, "but the government does not have the money to raise wages or to subsidize the 30 products mentioned by Juan Jose Delpino."

Delpino, however, insists that the CTV will not relax its efforts to win a demand that it considers necessary for the worker, since his buying power has been eroded by the crisis that is plaguing the country. He explained that it is not true that such a raise could lead to a national economic collapse, because in the last few months wages have not been increased, but there has been no reactivation either.

The national business sector, on the other hand, has expressed its concern about the attitude of the CTV leaders. It is felt that many businesses would have to shut down if the administration grants Delpino's petition. In this regard, the president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry (FEDECAMARAS), Rafael Marcial Garmendia, has reiterated whenever he is asked about the subject that the best thing for the national economy would be to adhere to the system of collective bargaining.

Gerardo Lucas, president of Conindustria, was more specific in his comments on the controversial wage adjustment. He indicated that the country's economy is sick, and it needs rest. If businessmen are forced to raise wages, the result would be a wave of cost increases that would have to be reflected in prices, and could also lead to more unemployment. "Some sectors are reviving; they must be allowed to grow and not be suffocated. This increase would be a serious mistake," declared Lucas.

On the other hand, the national government opposes the request, as indicated in statements by the labor minister and by President Lusinchi himself.

All of this is reportedly working to create strong antagonism among the different sectors involved.

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CSO: 3348/121

VENEZUELA

HERNANDEZ GRISANTI ON OIL INDUSTRY, NEW EXCHANGE RATES

Caracas EL DIARIO DE CARACAS in Spanish 15 Oct 85 p 38

[Article by Gustavo Wanlosten]

[Text] Yesterday's topic on the "Primer Plano" program was oil and its effect on the national economy. Host Marcel Granier's guest was Minister of Energy and Mines Arturo Hernandez Grisanti, who presented an assessment of the situation and declared that the national budget will not suffer any major impact next year. It was drafted according to very conservative criteria, he noted, taking into account possible decreases in revenues from the primary export product, crude oil.

The Venezuelan economy, in Hernandez Grisanti's view, can withstand a drop in oil prices of up to \$4 per barrel without any great trauma or crisis.

At Granier's request, the minister of energy and mines spoke about the deterioration of oil prices and export volumes. He asserted that our country has been affected by this less than any other member of the Organization of Petroleum Exporting Countries (OPEC) cartel, and that in the near future the decline in prices per barrel is expected to be much less than that implemented by other producers.

The energy minister indicated that, in sharp contrast to what is believed about Saudi Arabia, that country, like Venezuela, is aware of its role and tradition in the oil industry. He noted that the Saudi kingdom may have made more sacrifices in production and exports than any other country, and it does not appear to have any intention of fulfilling the quota it has been assigned by the Organization of Petroleum Exporting Countries.

Granier and Hernandez Grisanti talked about the expansion of oil supplies in the face of stagnant demand, which could jeopardize the market and drive prices down further. They also discussed the "structural" tendency of the market, which is weak and appears to be growing weaker, and the estimates contained in our budget, which are based on crude oil revenues and the soundness of the Venezuelan business and industry sectors.

The financial autonomy of the national oil industry was another topic covered, and in this regard Hernandez Grisanti stated that the current administration

is willing to take action, either through "legal" channels "or through political agreements," which would entail the reform of the current Industry Nationalization Act, or by reaching agreements so that this industry can be internationalized.

Hernandez Grisanti also pointed out, in response to questions from Granier, that an isolationist and individualist attitude on the part of some countries outside the OPEC cartel to win better prices or higher production and export volumes would be "suicidal," because one country acting alone cannot place more oil on the market and succeed by itself.

"This was the root of OPEC's strategy when it was founded," stated Hernandez Grisanti. "It was a question of mobilizing the countries to form a united front. Today that front is weakened because OPEC was lured at a given moment by the siren calls of the market and indiscriminate increases in petroleum prices, without thinking of the future."

"Among the most important accomplishments of this administration," Granier pointed out, "was the restoration of financial autonomy to Venezuelan Petroleum Inc. (PDVSA); this not only placed the industry on a sounder footing, but also gave the world a different attitude toward Venezuelan industry (. . .). That is why the prospect of raising taxes on the petroleum industry is disturbing, because it would mean the industry would enjoy less strength, autonomy and solidity than it has had until now . . ."

"Many parties felt it was a nationalist move to take away PDVSA's dollars and put them in the Central Bank. We contended that the Venezuelan Government cannot exercise supervision over the oil industry by monetary means, and that the Central Bank is not the appropriate entity. Rather, the Ministry of Energy and Mines should supervise this sector and formulate oil policy."

Although there are no foreign reserves, because there was no political majority, support was obtained for guarantees of steady supplies through the mechanism of a budget.

Hernandez Grisanti said that they have a responsibility to maintain the industry's financial autonomy . . .

This is why the unpopular increase in the prices of petroleum derivatives and gasoline (which is still below the world standard) was implemented . . .

"The royalty was being calculated on the basis of a very low, unrealistic price. That value has been raised to \$22.02 for the purpose of calculating the royalties (compared to the previous figure of \$14.00). Since February of this year, we have also taken into account the need to simplify the exchange system; consequently, the exchange rate of 4.30 bolivars to the dollar will end at midnight on 31 December 1985. This fiction, which we maintained to avoid additional increases in the cost of living, will cease. The country has already absorbed the impact on the cost of living (. . .). At this point, we have four exchange rates: the 4.30 rate, the 6.00 rate of the oil companies, the 7.50 rate for interest payments on the private debt and government spending, and the free dollar rate . . ."

"Now we will go to two exchange rates: 7.50 bolivars to the dollar, and the free dollar rate; in other words, there will be one official exchange rate after 1 January . . ."

"This means," stated Hernandez Grisanti, "that for every dollar the oil industry sells, it will receive \$1.50 more. If it sells \$13 billion of oil on the market next year, the industry's liquid assets will be expanded by \$19.5 billion ( . . . ), which will be plenty for its investment plans."

Hernandez Grisanti concluded by discussing the internationalization of the national petroleum industry. Responding to a question from Granier, he explained that this internationalization means guaranteeing that Venezuela not only will place its products, whether crude or refined, on the market in its own ports, but will also participate in the international market, through association with companies from other countries that may guarantee our country the sale of not millions, but a few hundred thousand barrels of crude in other areas.

Hernandez Grisanti indicated that the controversy over the internationalization of the petroleum industry, for the benefit of the nation, should be resolved either by reforming the Nationalization Act, as some political sectors demand so that Congress would supervise these negotiations abroad, or by achieving a political consensus that would give the national oil industry freedom under the current provisions of the law.

The present administration, according to Hernandez Grisanti, is willing to take either route, as long as the result is better advantages for our industry.

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